

Algeria	6.00 Drs.	Iceland	15.50 N.I.
Austria	19.5. Italy	Iraq	0.70 Dls.
Bahrain	0.60 Dls.	Jordan	450 Frs
Banladesh	40.00	Kuwait	10.00 Dls.
Barbados	4.00	Kenya	16.00 Dls.
Bolivia	1.00	Liberia	1.00 Dls.
Bosnia-Herzegovina	1.00	Lesotho	1.00 Dls.
Bulgaria	1.00	Madagascar	1.00 Dls.
Cambodia	1.00	Malta	1.00 Dls.
Canada	1.15 C.	Morocco	1.00 Dls.
C.C.R.D.	1.00	South Africa	1.00 Dls.
Chile	1.00	Sudan	1.00 Dls.
China	1.00	Togo	1.00 Dls.
Colombia	1.00	Tunisia	1.00 Dls.
Croatia	1.00	Turkey	1.00 Dls.
Cuba	1.00	U.S.S.R.	1.00 Dls.
Cyprus	1.00	Venezuela	1.00 Dls.
Czechoslovakia	1.00	Yugoslavia	1.00 Dls.
Djibouti	1.00	Zambia	1.00 Dls.
Egypt	1.00	Zimbabwe	1.00 Dls.
El Salvador	1.00		
Equatorial Guinea	1.00		
Eritrea	1.00		
Estonia	1.00		
Finland	1.00		
France	5.50 F		
Greece	1.20 D.L.		
Guatemala	1.00		
Honduras	1.00		
Iceland	1.00		
India	1.00		
Indonesia	1.00		
Iraq	1.00		
Ireland	1.00		
Italy	1.00		
Japan	1.00		
Jordan	1.00		
Korea	1.00		
Kuwait	1.00		
Liberia	1.00		
Lithuania	1.00		
Madagascar	1.00		
Maldives	1.00		
Mali	1.00		
Mauritania	1.00		
Mexico	1.00		
Moldova	1.00		
Mongolia	1.00		
Namibia	1.00		
Nepal	1.00		
Nicaragua	1.00		
Niger	1.00		
Nigeria	1.00		
Oman	1.00		
Pakistan	1.00		
Papua New Guinea	1.00		
Romania	1.00		
Russia	1.00		
Saint Lucia	1.00		
Saudi Arabia	1.00		
Singapore	1.00		
Sri Lanka	1.00		
Sudan	1.00		
Taiwan	1.00		
Togo	1.00		
Tunisia	1.00		
Uganda	1.00		
Ukraine	1.00		
U.S.S.R.	1.00		
Yemen	1.00		

Nicaraguans Vote As Controversial Campaign Closes

By Robert J. McCartney
Washington Post Service

MANAGUA — Nicaraguans were to vote in nationwide elections Sunday after a three-month campaign that was neither the "genuinely free" contest promised by the ruling Sandinistas nor the "Soviet-style sham" suggested by the Reagan administration, in the view of diplomats and other political observers.

The Sandinists' near-monopoly of most major institutions, ranging from the army and government ministries to neighborhood block organizations, gave them an unrivaled network of activists in place at the start of the campaign to elect a president, vice president and 90-member assembly.

Government trucks have carried supporters to Sandinist rallies, and large groups of pro-Sandinists you'll have disrupted at least half a dozen opposition rallies.

Press censorship, although still in force, has been loosened during the campaign.

U.S. diplomats acknowledged that the Sandinists have allowed expression of a range of political views, including some that were harshly critical of the government. Parties to the right of the Sandinists have said that the government is ruining the economy to finance the fight against U.S.-backed anti-government guerrillas, while Marxist-Leninist groups have accused the Sandinists of being bourgeois.

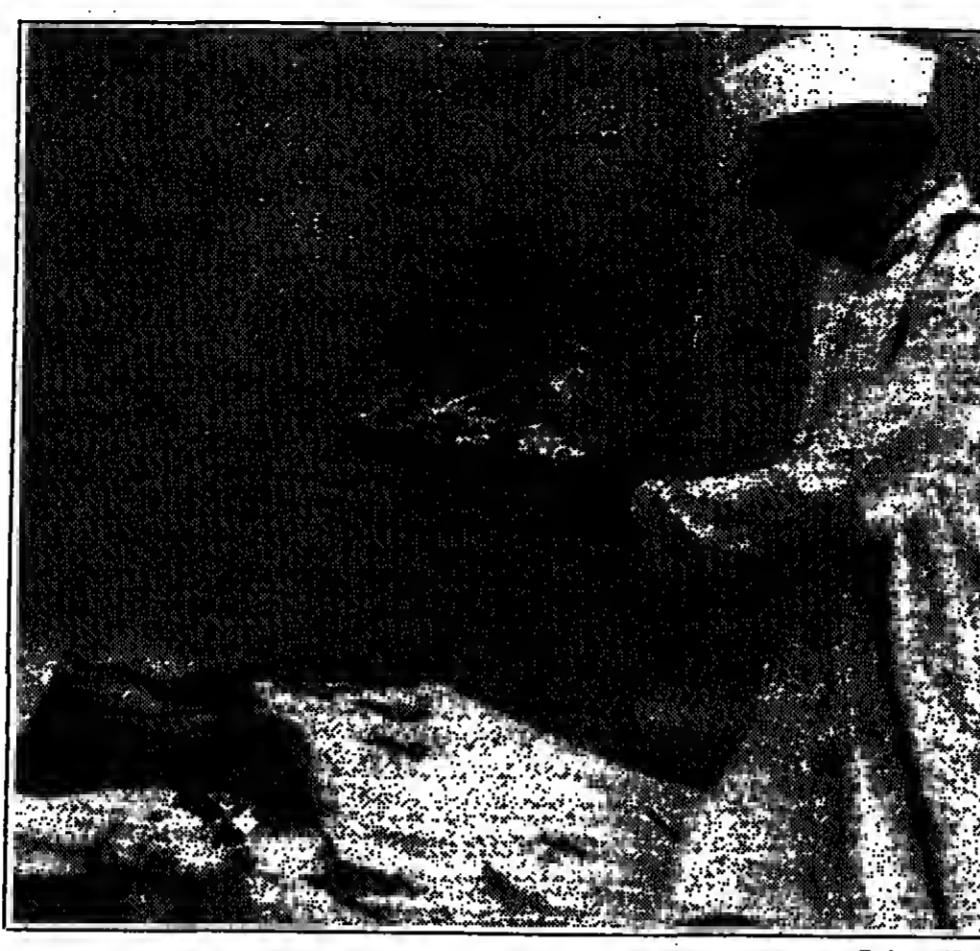
The principal problem with the election, according to these U.S. officials, is that Nicaraguans cannot vote for the four parties most opposed to the government because those parties are boycotting the race.

The officials' comments suggest that they disagreed with the White House's contention that the campaign was no better than elections in the Soviet Union.

"I think I have to say that a range of political opinion was expressed, with La Prensa uncensored on political matters and the minor parties making use of their television time," a U.S. diplomat said before the election. "That is distinct from saying that the Nicaraguan people on Sunday have a real choice. You can hear these views but you can't vote for them."



A worker puts up a poster at a polling booth in Managua.



The Associated Press

Voters Appear Ready to Give Reagan A Landslide, Working House Majority

By David S. Broder
Washington Post Service

WASHINGTON — American voters appear ready to give President Ronald Reagan a historic re-election victory of landslide proportions Tuesday and possibly restore his working majority in the House of Representatives to go along with continued but diminished Republican control of the Senate.

As the president and his Democratic challenger, Walter F. Mondale, campaigned through the Midwest over the weekend, the final Washington Post survey of political observers in the 50 states and a Post-ABC News poll of almost 9,000 voters showed Mr. Reagan leading Mr. Mondale by 57 percent to 39 percent. These surveys gave him good prospects for carrying more than 45 states.

The poll pointed to a potential Republican loss of two or three seats from the party's 55-45 majority in the Senate.

But it suggested that Republican candidates were ready to ride Mr. Reagan's coattails to enough House districts to restore the conservative coalition of Republicans and Southern Democrats that passed the 1981 tax, budget and defense measures that were the highlights of President Reagan's first year in office.

In the year's most expensive and headlined Senate battle, Senator Jesse Helms, a North Carolina Republican, appears to have taken a small but clear lead over Governor James B. Hunt Jr., a Democrat.

Representative Albert Gore Jr., Democrat of Tennessee, is expected to gain the seat of the retiring Senate majority leader, Howard H. Baker Jr., a Republican. Representative Tom Harkin, an Iowa Democrat, leads Senator Roger W. Jepsen, a Republican, while another Democrat, Representative Paul Simon of Illinois, appears to have at least an even chance of defeating the Senate Foreign Relations Committee chairman, Charles H. Percy, a Republican.

Upset opportunities for Republicans in Kentucky and West Virginia, and less plausibly, Massachusetts, could reduce the net Senate loss for the party.

In the gubernatorial elections, Republicans are favored to pick up North Carolina, Rhode Island, Utah and West Virginia, while Democrats have a chance in close battles in North Dakota, Vermont and Washington.

(Continued on Page 4, Col. 1)

The House battles are hardest to read, but they are vital to President Reagan's second-term legislative prospects.

Unless the 99-seat Democratic majority in the House can be cut in half by replacing the 26 seats Republicans lost in 1982, Mr. Reagan could find his mandate blunted.

With only 13 open seats to defend, Democrats have built their

success to halt the Republican ad campaign on the ground that it had violated campaign contribution ceilings for individual candidates, conceded Saturday that the ads were hurting.

As planned, the coordinated offensive by the major Republican campaign committees came just as Mr. Reagan was going into high gear in his final re-election effort and making his presence felt in the places where he appeared.

Joseph Gaylord, executive director of the National Republican Congressional Committee, said:

"The timing is right on this." He added: "Reagan is making himself synonymous with the Republican Party."

A campaign consultant for a Democratic senatorial candidate in a state where President Reagan campaigned early last week said:

"If Reagan can convert voters as he did there and get them thinking about supporting his people, it's going to be a rough election night."

The tactic is a repetition of the one Republicans used in 1980 to swing 13 Senate seats to their side in a closing blitz. With most of the 14 Senate Democrats on the ballot this year appearing invulnerable, the Republicans aimed its blitz at Democratic House members.

Many of them were protected in redistricting by Democratic-controlled legislatures but, where they were not, the Republicans have gone after them.

Mr. Mondale and Geraldine A. Ferraro, his vice presidential candidate, drew big and enthusiastic

(Continued on Page 4, Col. 1)

INSIDE

■ Thousands of starving Ethiopians are straggling inn relief centers.

■ American hospitals are organizing internal ethics committees that make life and death decisions.

■ France is planning to sell a nuclear-reactor fuel containing plutonium to electric-utility companies.

■ U.S. stock markets are not likely to suffer their traditional post-election blues.

■ SPECIAL REPORT

Hong Kong's mood after the Beijing agreement: Relief and resignation.

■ TOMORROW

Have polls and television conspired to make the U.S. election a footnote to the political process? Full coverage of the presidential campaign.

(Continued on Page 2, Col. 3)



The Associated Press

Polish Priest's Murder Causes Unusual Alliance

By Michael T. Kaufman
New York Times Service

WARSAW — The murder of the Reverend Jerzy Popieluszko has linked the Roman Catholic Church, the Solidarity movement and the government of General Wojciech Jaruzelski in a frail tactical alliance.

What is understood instinctively by large segments of society is that all three were targets of the plot in which three state security officers, presumed to be operating with support of hard-liners within the security apparatus, kidnapped and killed the priest.

That the crime was intended to punish the church seems clear. The 37-year-old priest, whose body was found in a reservoir 11 days after his abduction, was sometimes his abductors' target of an embarrassment by some of his conservative superiors because of his flamboyant support of the outlawed trade union movement. But he was known to be a

favorite of Pope John Paul II, who last summer sent him a special rooster.

A few people have even speculated that his murder may have been related to the indictment issued in Rome last month charging Bulgarians with plotting the pope's assassination.

But perhaps the most striking thing about the reaction to the crime has been acceptance of the notion that the Jaruzelski government may have been the prime target. There is a feeling that the suspects left signs pointing to Interior Ministry involvement precisely to demonstrate the weakness of the government.

Even the staunchest Solidarity activists do not believe that direct responsibility falls upon the prime minister, who is first secretary of the Communist Party, or upon the so-called liberal wing of the party whose policies he has adopted.

Some of these people suggest that the plot simply indicates that despite General Jaruzelski's insistence that a normal situation has been restored, his government still does not control the huge security

(Continued on Page 2, Col. 4)

network with its cliques of hard-liners, some of whom have personal links to each other and to their counterparts in the Soviet Union.

Lech Walesa, the leader of Solidarity, has called for calm and warned against provocations. As one sign of the tactical alliance, the official radio, which has assiduously avoided mention of Mr. Walesa for months, is now playing tapes of his appeals.

To some extent, the deft and unusually open responses of the government have encouraged public exoneration of the leadership.

The government confirmed the death shortly after the body was found. It arrested the suspects and announced their names and positions, a departure from past practice.

The official spokesman suggested strongly that the three men had support and protection within the security apparatus.

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(Continued on Page 2, Col. 4)

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(Continued on Page 2, Col. 4)

Gandhi Orders Military To Put Down Rioting

The Associated Press

NEW DELHI — India's new prime minister, Rajiv Gandhi, ordered the army Sunday to crush any resurgence of the violence, largely directed against Sikhs, that followed the assassination of his mother.

The violence, which began after authorities said that Sikh members of her security forces were responsible for the killing, subsided everywhere, five days after Prime Minister Indira Gandhi was assassinated. Mrs. Gandhi was cremated Saturday.

He also said that 16,350 Sikhs had been housed in temporary refugee camps in the city after fleeing their homes.

Accounts of mass killings in the outer suburbs of New Delhi and other cities were still coming in, but no new deaths were reported Sunday. Independent reports from New Delhi and state capitals said that well over 1,

Ethiopians Die on Roads to Food Centers

Reuters

KOREM, Ethiopia — Hundreds of Ethiopians are dying every day in the northern province of Wollo, many of them succumbing to starvation and disease on the road to aid centers, relief officials say.

In the past few days, both Western and Soviet bloc countries have begun an airlift of emergency supplies, but the goods have not yet reached places where starving peasants are congregating such as Korem, 400 kilometers (250 miles) north of Addis Ababa.

Reporters returning Saturday from a two-day trip to Wollo province saw thousands of starving Ethiopians on the road, walking to relief centers in search of food.

Some carried their wives, husbands or children on makeshift stretchers. Others, too weak to walk, lay by the side of the road waiting to die.

The government's Relief and Rehabilitation Commission estimates that three consecutive years of drought have affected 1.2 million of the province's 3.2 million peasants and destroyed their way of life.

Wollo is one of the provinces hit hardest by the drought, which threatens famine for up to seven million people across the country. Tens of thousands of the province's people are on the move toward re-

lief centers, having given up attempts to grow crops, officials said. They are walking toward places like Korem, where 31,000 drought victims are being cared for and 18,000 others have set up scanty shelters awaiting the day when they or their children will be weak enough to qualify for assistance.

Yehuvalashet Demerew, the regional representative of the Relief and Rehabilitation Commission, said 30 to 100 people at Korem die each day, many of them children too weak to survive hunger-associated illnesses and the threat of famine looms.

In other countries of the continent, drought has made grossly insufficient harvests a certainty.

Furthermore, according to figures compiled by United Nations and other agencies, drought has depleted stocks in South Africa and Zimbabwe, the only two countries of the continent that normally export food to their neighbors. South Africa has been forced to import large quantities of grain.

"We are not yet at the bottom of the abyss," said Edouard Saouma, director general of the UN Food and Agriculture Organization, in an interview at his headquarters here. "The worst is yet to come."

In all, 25 of 42 African countries are listed by the Food and Agriculture Organization as "suffering abnormal food shortages or with unfavorable crop conditions."

Food stocks are adequate in Korea, he said, but in the long term tens of thousands of people will have to be resettled in areas more fertile than the rugged north-east highlands.

African Famine Widespread

In at least three countries of Africa, relief officials say that men, women and children are dying of hunger. The New York Times reported from Rome, In many others, malnutrition is widespread, and the threat of famine looms.

On the continent, drought has made grossly insufficient harvests a certainty.

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Widespread deaths from famine have occurred in Ethiopia, Mozambique and Chad.

U.S. Aid Director in Ethiopia

The first of two American C-130 Hercules aircraft sent to airlift emergency supplies to the Ethiopian interior flew into Ethiopia on Sunday only hours after the director of U.S. government overseas aid, Mr. Peter McPherson, arrived to take personal control of the American relief effort. United Press International reported from Addis Ababa.

Besides the two U.S. planes, aircraft from Britain, the Soviet Union, Bulgaria, Libya, Czechoslovakia, South Yemen and the International Committee for the Red Cross will also be involved.

After a meeting Friday in Washington between Mr. McPherson and David Wolde-Giorgis, the Ethiopian relief commissioner, the United States announced it was supplying 50,000 tons of food and two aircraft on a direct government-to-government basis with Ethiopia.

U.S. aid previously was channeled through private western relief agencies, mainly Catholic Relief Services.

Mr. McPherson termed the new direct aid experimental. He will monitor the flow of aid while in Ethiopia.



United Press International
A Sikh woman grieves at the site of her husband's immolation by a Hindu mob in Trilokpuri, near New Delhi.

WORLD BRIEFS

Soviet Denies U.K. Energy Embargo

MOSCOW (AP) — The Soviet External Trade Ministry has denied that the Soviet Union is withholding supplies of energy products for Britain, the press agency Tass reported. According to Tass, the ministry "has always honored and will honor signed contracts and agreements."

The denial Saturday followed a television statement Tuesday by Alexander Belousov, the official responsible for the Soviet miners' union, that the Soviet Union was ceasing supplies "in protest against repression against British miners" who have been on strike for eight months.

The ministry's denial accused the Western press of spreading inscriptions that the Soviet Union would use economic and trade relations with capitalist countries "as an instrument of political pressure." It added that "all these inventions are without foundation" and were evidence of "hostile aims against the Soviet Union."

Beirut Delays Israeli Pullout Talks

JERUSALEM — Talks between Israel and Lebanon on an Israeli troop withdrawal from southern Lebanon were postponed Sunday, a day before they were scheduled to convene under United Nations sponsorship, a spokesman for Israel's Foreign Ministry said.

He said Jean-Claude Aimé, the UN official who worked out the arrangements for the meeting, delivered a request from Beirut to the director-general of the ministry, David Kimche, for an unspecified delay to the start of the negotiations.

The absence from Lebanon of two Muslim ministers, Nasib Berri and Walid Jumblat, on Saturday forced the postponement of an emergency session of the Lebanese cabinet and the naming of a six-member military team for the talks in the southern border town of Naqoura.

British Miners Hired in South Africa

LONDON (AP) — Hundreds of British coal miners have applied for jobs in the South African mining industry, attracted by relatively high wages and low living costs, and about 290 have been hired, the Sunday Times reported. Three-fourths of Britain's 175 mines have been closed for almost eight months by a strike.

It said two South African mining concerns would send recruiters this week to Britain's coalfields. Goldfields of South Africa Ltd., which has hired about 40 miners, will interview for 200 more vacancies, and Genor (UK) Ltd., whose parent company owns coal, gold, platinum and uranium mines in South Africa, will be seeking 165 more miners after hiring 250, the paper said.

■

Botha Sees Obstacles to Peace Efforts

JOHANNESBURG (Reuters) — Foreign interests are working to thwart efforts to establish peace in southern Africa, Foreign Minister R.F. Botha of South Africa said Sunday in a statement released from Rome to the South African Press Association.

"There are indications that foreign interests are working against our efforts to establish peace in our region," said Mr. Botha, whose government signed a peace agreement with Mozambique in March and has been mediating for the past month in talks in Pretoria between the Maputo government and the insurgent Mozambique National Resistance, sometimes known as Renamo.

"We do not accept that the killing of thousands of Mozambicans will resolve that country's problems," Mr. Botha said. "If the armed activity and conflict within Mozambique continues, it is the enemies of Mozambique which will gain and all of us in the region will eventually pay the price, including Renamo."

Sinn Finn Chief Praises Bomb Attack

DUBLIN (UPI) — Gerry Adams, head of the political wing of the Irish Republican Army, praised the IRA's attempted assassination of Prime Minister Margaret Thatcher in Brighton, England, on Oct. 12 as a "bold blow for democracy" in Northern Ireland.

"All casualties and fatalities in Ireland or Britain as a result of the war are sad symptoms of our British problem," Mr. Adams told about 600 Sinn Fein delegates Sunday, on the final day of a two-day conference.

"And the Brighton bombing was an inevitable result of the British presence in this country. Far from being the blow against democracy, it was a blow for democracy."

For the Record

Baby Fae was reported to be "doing very well" Sunday, 10 days after receiving a baboon heart transplant, doctors reported in Loma Linda, California. They said there no signs of organ rejection. (UPI)

Gandhi Orders Crackdown

(Continued from Page 1)
was canceled last week, after mobs had invaded Delhi-bound trains to seek out and kill Sikh passengers, often by hacking them to death.

The government ordered shops to reopen as a step toward normalization. Most shopkeepers obeyed, profiting from a rush of buyers drawn for three days of fresh food and other necessities.

Groups of peace demonstrators, including Hindus, Moslems and Sikhs, formed and marched through New Delhi to demand an end to the violence. For the first time since the assassination, Sikhs were seen in the streets of New Delhi.

In another development Sunday, Mr. Gandhi reappointed most of his mother's ministers to his new cabinet. Some posts remained to be filled, but the new leader appears determined to pursue Mrs. Gandhi's policies.

She was chairman of last year's 101-nation nonaligned movement. Mr. Gandhi's son automatically assumed the post until the next summit, scheduled in Baghdad in 1986.

Zia Urges Improved Ties

The Pakistani president, General Mohammed Zia ul-Haq, said Sunday that his country looked for a fresh, dynamic approach to relations with India under Mr. Gandhi. Reuters reported from New Delhi.

General Zia said Mr. Gandhi, born only three years before the 1947 partition of the Indian subcontinent, was not part of the prejudices of that time. General Zia was in New Delhi for the funeral of Mrs. Gandhi.

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USA Election Results Now

To bring the very latest American election results to our readers, the International Herald Tribune will print a special election issue early the morning of November 7. This special edition will be printed several hours after our regular editions in order to include up-to-the-minute results and projections from the presidential, congressional and other U.S. contests.

The election edition will be on sale at newsstands in Paris and London the morning of November 7 and in the afternoon in the following cities:

Amsterdam, Athens, Barcelona, Brussels, Cannes, Cologne, Copenhagen, Frankfurt, Geneva, The Hague, Madrid, Milan, Monaco, Nice, Rome, Rotterdam, Schiphol (Airport) and Zurich.

FULL RESULTS OF THE SENATE, HOUSE AND GUBERNATORIAL ELECTIONS PLUS THE STATE-BY-STATE BREAKDOWN OF THE PRESIDENTIAL VOTE WILL APPEAR IN THE ISSUE OF THURSDAY, NOVEMBER 8.

Shultz, Tikhonov Hold 'Good' Meeting in India

By Barbara Crossette

New York Times Service

NEW DELHI — Secretary of State George P. Shultz met here during the weekend with the Soviet prime minister, Nikolai A. Tikhonov, and later said they had had "a good meeting."

The talks Saturday between the two men, who were among nearly 100 foreign dignitaries here for the funeral of Prime Minister Indira Gandhi, constituted the first high-level contact between the United States and the Soviet Union since President Ronald Reagan met the Soviet foreign minister, Andrei A. Gromyko, in Washington last month.

Earlier Mr. Shultz met with India's new prime minister, Rajiv Gandhi, who raised with Mr. Shultz the question of India's concern about American arms sales to Pakistan as well as Islamabad's nuclear program.

Mr. Shultz said after the meeting

with Mr. Tikhonov at the Soviet Embassy: "We touched on a number of topics, including the desire of the United States for a constructive relationship with the Soviet Union." He said the Soviet side "had expressed similar sentiments."

The secretary of state said that he brought up "forcefully" with Mr. Tikhonov the American displeasure at attempts by Soviet press organizations to link the United States to the assassination.

"He said he had looked into it and that the Soviet Union had no such view," Mr. Shultz said. "He suggested I was wrong," he added, to interpret Soviet reports in that light.

In the Soviet press, accounts of the assassination of Mrs. Gandhi have been juxtaposed with strident dispatches in which the United States is accused of sponsoring "state terrorism" around the world.

A commentary Thursday in Pravda asserted that the Central Intelligence Agency had sponsored a series of operations to foment separation in India. A Tass report charged that Sikh extremists had close ties to Western intelligence services and that Sikh "extremists and spies" arrested in October had admitted having been trained in

Pakistan under the supervision of CIA.

[Tass did not mention Mr. Tikhonov's reported admission to Mr. Shultz that his government did not believe the CIA might have played an indirect role in the assassination of Mrs. Gandhi, according to Agence France-Presse.]

[President Reagan, campaigning

Saturday in Winterset, Iowa, called

AMERICAN TOPICS

In California, Water Is Still for Fighting

With 14 months to go before Southern California loses nearly a fifth of its water supply, the state is without any plan to replace it. Under a 1964 U.S. Supreme Court decision, about half the water the region draws from the Colorado River will be diverted in the Arizona cities of Phoenix and Tucson.

In California, where water can help transform a useless desert into a tract of expensive houses or an avocado orchard, water politics can be emotional and contentious. What Mark Twain said a century ago still goes: Out West, "Water is for fighting. Whiskey is for drinking."

Just about everyone in the state agrees that the water that flows off the High Sierra range in northern California and empties into the Pacific Ocean near San Francisco could more than solve Southern California's problems. But proposals to channel this water all have died in disputes between growers and city people, between environmentalists and growers, and between northern and southern Californians.

"I think we have about 10 years available to us to find alternatives," says Donald Brooks of the Metropolitan Water District of Southern California. But Lawrence R. Michaels, of the San Diego County Water Authority, disagrees. Unlike Los Angeles, which long ago tapped the water of the Owens Valley, San Diego does not have an independent source of water. "Our problem," Mr. Michaels said, "is here right now."

Vietnam Memorial Gets an Addition

A military statue comprised of three seven-foot-high bronze figures in combat gear has been added to the site in Washington of the Vietnam Veterans Memorial. The memorial thus far has consisted of a simple, polished, V-shaped black granite wall engraved with the names of 57,939 Americans killed in that war. The statue, which will be unveiled Nov. 9 and dedicated Nov. 11, Veterans Day, was added after the original design drew complaints that it was unheroic.

The statue stands, with the U.S. flag, at a sort of entryway to the memorial about 100 feet (30 meters) away. The soldiers are stepping out of a grove of trees and looking in the direction of the wall and its sea of names.

When it was decided in 1982 to add a military sculpture to the memorial, various people argued that it should be placed at the vertex of the wall. Others disagreed, including Frederick Hart, the Washington sculptor who was commissioned to execute the statue.

Mr. Hart said that his main problem was the stylistic inconsistency between the realistic figures that emerged from his drawing board and the more allegorical black wall designed by Maya Ying Lin.

"My solution was to put the figures completely away from the wall, to preserve the autonomy and integrity of that simple, clean design," he said. "But that created a problem too. You didn't want to create two memorials as such. You wanted something that was integrated, that had unity with the wall. My solution was to have the figures looking at the wall."

Citizens' Candidate Comes From Behind

"To understand my presidential campaign," says Sonia Johnson, "you only have to understand me."



Sonia Johnson

Understand one principle: To be born female in our society is to be born behind enemy lines."

Mrs. Johnson, a polite, friendly, fiftyish educator from Arlington, Virginia, who was excommunicated from the Mormon Church in 1979 for her support of the Equal Rights Amendment, is the presidential nominee of the Citizens Party. The party fielded Barry Commoner, the ecologist, for president in 1980.

"All the ways that have been called 'womanly,' and therefore weak and dumb," she said, "are the non-violent, cooperative ways we need now to prevent atomic destruction."

Mrs. Johnson predicts that she will get fewer than the 236,000 votes Mr. Commoner received last time. Ms. Commoner has endorsed Walter F. Mondale, the Democrat in this election.

Life in the Fast Lane Is Over for Dolores

For the past four years, Corlis D. Jones has zipped in and out of Washington with just enough bodies in her car to meet the city's fast-lane regulations. These require at least three occupants before a driver can use restricted commuter express lanes during rush hour.

But late last month, Virginia state troopers broke up the carpool when they discovered that the third person stuffed into the back seat of Ms. Jones's Pontiac was just — stuffed. The dummy, dubbed Dolores, had been riding to work in the back seat for nearly six years, Ms. Jones, 28, said.

Police said that adding inanimate "passengers" to meet the carpool regulations is not new. Ms. Jones got a \$35 ticket. She said Dolores's riding days are over.

U.S. Orders Airlines To Fireproof Seats

The U.S. Transportation Department has ordered airlines to equip all jet aircraft with fire retardant seat covers within three years. The regulation applies to domestic carriers and also to foreign airlines flying in U.S. airspace. The cost is estimated at \$10 to \$17 per seat.

Notes About People

A federal appeals court, in a sharply divided 5-4 ruling, has upheld a dishonorable discharge for Leslie Anne Cole, now 29, a Navy woman who refused to wear her uniform or perform her duties after seeing the film "Gandhi."

The heirs of Marion du Pont Scott have agreed to abide by her will and turn Montpelier, her Virginia estate which was once the home of James and Dolley Madison, into a museum honoring the fourth president. Mrs. Scott, a du Pont heiress, was married briefly to Randolph Scott, the actor. She died a year ago at 89.

— Compiled by ARTHUR HIGBEE

Demand for Food Aid Up 20% in U.S.

Los Angeles Times Service

WASHINGTON — The demand for emergency food assistance in the United States has risen an average of 20.4 percent during the last year, according to a 36-state survey by a nonprofit advocacy group for the poor.

The committees, typically composed of doctors, nurses, administrators, clergy and social workers, play a number of roles.

In many cases these groups are drafting policy guidelines for such vital decisions as who is connected to life-saving dialysis machines when a critically ill patient will not be resuscitated by machine, when treatment may be withheld from premature infants, and how hospital patients may ask to die.

In many hospitals these committees have already participated in decisions to maintain treatment of some seriously ill patients, despite their wishes, while letting other patients die at their request.

Earlier this year, for example,

members of the bioethics committee at St. Joseph Hospital in Orange, California, one of the first in the country, met at length with a family and its 62-year-old patriarch, a totally paralyzed stroke victim connected to a respirator. The patient wanted the breathing machine turned off. His family did not.

"Basically, we told him he would die without the respirator," said one committee member, "and we told them he had no reasonable hope of recovery. Then we left them to talk. An hour later the family agreed and left. The man said, 'I still don't want to live like this anymore.' We waited a few more hours to be sure. We gave him a sedative for comfort and disconnected the machine. He died a few minutes later."

Such decisions, involving medicine, morality and often intense emotion, are a growing issue nationwide as medical advances give doctors and patients choices they did not have only a few years ago.

Reagan, Mondale Press Appeals in States Considered Close

By Howell Raines
New York Times Service

NEW YORK — President Ronald Reagan and Walter F. Mondale hoppedscotch through some of the more closely contested states Saturday and Sunday as Mr. Mondale struggled to cut into the strong overall lead that Mr. Reagan appeared in hold.

As the president's advisers boasted that he was ahead in 48 states, Mr. Reagan warned in Iowa that if voters replaced him with Mr. Mondale the nation would be left to wander in "an endless desert of worsening inflation and recession."

As he campaigned toward appearances Monday in his home state of California, Mr. Reagan at every stop implored his supporters not to become so confident of his victory that they fail in vote.

On Saturday in Little Rock, Arkansas, Mr. Reagan declared that tax increases would come only "over my dead body."

The Washington Post had reported Friday that Treasury Secretary Donald T. Regan urged voters

eliminating federal income tax deductions for state and local taxes as well as faxing some unemployment insurance payments and workers' compensation payments.

[Asked Saturday about this report, the president said Mr. Regan has "already rejected those proposals." Mr. Regan said he would not allow tax increases "under the guise of tax reform." The Washington Post reported in Winterset, Iowa,

[The president also commented on the CIA manual that advocated "neutralizing" officials of the Sandinista government in Nicaragua. "There was nothing in that manual that talked assassination," he said, adding that use of the word "neutralizing" was a bad interpretation of "remove, meaning remove from office."]

Mr. Mondale appealed to wavering Democrats to come home to his party. In scrappy speeches to enthusiastic crowds, the former vice-president and his running mate, Representative Geraldine A. Ferraro of New York, urged voters

not to believe polls that showed them far behind.

Reagan campaign officials said their polls gave him a national lead of 22 points. A New York Times News Poll conducted Oct. 23-25 gave the Republican ticket a 19-point margin.

In private conversations, Mrs. Ferraro was quoted by a congressional colleague as saying she and Mr. Mondale were bending every effort to win at least five states and thereby exceed the Democratic showing in 1972, when Senator George McGovern of South Dakota carried only Massachusetts and the District of Columbia.

Reagan aides have backed off a little from predictions last week that the president would win every electoral vote except the three from the heavily Democratic District of Columbia.

The atmosphere in both campaigns Saturday suggested that the general election campaign was tracking an ending consistent with the trends that have prevailed since Labor Day.

Mr. Reagan, campaigning through Arkansas, Iowa and Wisconsin, warned that the election of Mr. Mondale would take the nation "back to the days of torpor, timidity and taxes."

Mr. Mondale, in his speeches and television commercials, stressed his message that he would rather be a principled "underdog" than win by appealing to voters' selfishness.

In a final swing through the industrial Middle West, he told a Michigan audience that his campaign stood for "compassion and justice" for working people while Mr. Reagan was the defender of the wealthy.

The candidates' travels in a final spirited weekend of campaigning reflected their strategists' assessments of the states in which the presidential contest is still close. Mr. Lake said the Reagan campaign rated Iowa and Mr. Mondale's home state of Minnesota as "dead even."

Vice President George Bush traveled Saturday to Pittsburgh to announce a federal grant in a move that reflected a battle for Pennsylvania.

Democratic strategists also singled out Hawaii, Washington, New York, Massachusetts, Rhode Island, Maryland and Michigan as



Senator Edward M. Kennedy of Massachusetts joined Walter F. Mondale at a campaign rally on Boston Common. Police estimate that 80,000 people attended the rally.

Republican Uses Wealth, Reagan Ties To Tighten Massachusetts Senate Race

By Fox Butterfield
New York Times Service

BOSTON — In an arduous fight for the U.S. Senate in Massachusetts by 4-1, Mr. Shamie, a conservative millionaire businessman who has closely associated himself with President Ronald Reagan's policies, appears close to overtaking Lieutenant Governor John F. Kerry, a liberal Democrat.

Although registered Democrat outnumber Republicans in Massachusetts by 4-1, Mr. Shamie appears to have made deep inroads among working-class Roman Catholic voters, the backbone of the Democratic Party here, by echoing the president.

Mr. Shamie's message has been simple. He has pledged to oppose tax increases and abortion, and he has called for a stronger national defense.

Mr. Shamie demonstrated his appeal in the Republican primary last month by winning 62 percent of the vote against Elliot L. Richardson, who held four cabinet posts and two ambassadorships under three U.S. presidents.

CAMPAIGN BRIEFS

The 'Boys on the Bus' Are Women

NEW YORK (NYT) — Although a few of the journalists reporting on the 1972 presidential election were women, Timothy Crouse's "The Boys on the Bus" repeatedly referred to the press corps following the candidates as "the men." Such a characterization would be a gross error in 1984.

Journalists say more women than ever before have been given the assignment of following a political candidate this year. On recent campaign trips about 20 percent of the reporters following the presidential candidates and roughly a third of those traveling with the vice presidential candidates have been women, according to campaign staffs.

According to company spokesmen, the Los Angeles Times has used 7 women and 15 men to cover the candidates. The Associated Press has used 5 women and 10 men for its coverage. CBS News has used 7 women and 9 men, and The New York Times has used 3 women and 7 men.

Moral Majority Reaches Maturity

LYNCHBURG, Virginia (NYT) — Moral Majority, the fundamentalist Christian lobby that went public in 1980 with issues such as school prayer, abortion, homosexuality and pornography, has come in maturity this year. It confidently awaits a harvest of votes for its causes and candidates on Tuesday.

Fundamentalist churches were holding "God and country" services on Sunday to inspire voters and help ministers and other leaders get them to the polls. Although the ministers do not tell parishioners to vote for President Ronald Reagan, the message is clear. The Reverend Jerry Falwell, founder of the Lynchburg-based Moral Majority, has called for a 24-hour fast beginning at sundown Monday with periods of "deep prayer that God will send a spiritual awakening to America" on election day.

Supporters and opponents of the religious right agree that it has had a much greater effect this year than in 1980, in organization, in mobilization of workers, in registration of voters and in support from Mr. Reagan.

For the Record

John A. Zaccaro, husband of Democratic vice-presidential nominee Geraldine A. Ferraro, was involved in two multimillion-dollar real estate transactions last year that are now being investigated by a Manhattan grand jury.

Conservative organizations with titles like American Heroes for Reagan are spending at least \$18 million on behalf of the president in what are called independent expenditures that circumvent federal spending limits, campaign spending documents filed with the Federal Election Commission and other sources show.

(WPT)

(WPR)

(WP)

Cheysson in Algiers: Again, History Haunts France

By Richard Bernstein
New York Times Service

PARIS — History, recent events have shown, haunts the French. It is a brooding, sometimes baneful presence staring down the long corridor of the past at the affairs of the present day.

To be accused of not knowing history, of having "la mémoire courte" — a short memory — bears a special edge of insult here. It is an accusation, slipped not infrequently into French polemics, suggesting a lack of the moral awareness that comes from remembering past events.

The issue of memory has been stronger than usual since an announcement last month that the minister for external relations, Claude Cheysson, would visit Algeria starting Nov. 1, the 30th anniversary of the Algerian uprising that marks the beginning of the end of French rule there.

Mr. Cheysson's presence in Algeria on that raw nerve of a date immediately provoked a host of hostile comments, mostly from the rightist opposition, whose statements and articles recalled the murder, the torture and the agony of the Algerian independence war.

One member of the National Assembly, Michel Noir, contended that Mr. Cheysson was committing a "kind of crime against the memory of the French who were killed on that day."

If Algeria reflects the endlessly complicat-

ed moral questions posed by history, there is an older dispute that has similarly evoked painful memories and bitter outbursts in France lately. It concerns the reputation of Philippe Pétain, the hero of World War I who was condemned to death 39 years ago, though never executed, for having left Vichy France in its collaboration with the Nazi occupiers of World War II.

The question of Pétain has never entirely disappeared from the French scene, certainly not since the 1971 documentary film on the years of occupation, "The Sorrow and the Pity," examined the issue of French collaboration with the Nazis.

But circumstances have conspired during the past several months to give a new prominence to the issue of Pétain. His trial was the subject recently of a documentary on national television, designed to provide evidence on the question: Was the judgment of Pétain just?

The weight of evidence in the documentary went against Pétain. The program was replete with images of French collaboration and Pétain's encouragement of it, including the dispatch of French volunteers to fight with the Nazis on the Russian front and the persecution of the Jews of France that went beyond even what the Nazis were demanding.

The issue of Pétain and the collaboration has also been evoked in several recent books of memoirs and biography here. One new work, a biography of President François

Mitterrand by Catherine Nay, details some early, and fleeting, attractions to Vichyism on the part of the future Socialist leader, who, after a year in unoccupied France, declared himself entirely in resistance by joining de Gaulle in London.

Miss Nay's study seems to show that in its early period — before the Germans occupied the southern zone of France in November 1942 — Vichyism did not necessarily inspire an immediate rejection, even by patriotic young Frenchmen.

An unabashedly pro-Pétain book of memoirs has recently been published by Jacques Isorni, the 73-year-old lawyer who defended the Vichy leader at his trial in 1945 and who has made the reversal of the guilty verdict there a lifelong crusade.

During the summer, for example, Mr. Isorni received money from an anonymous donor to publish a full-page advertisement in *Le Monde* contending that the French have "short memories," a charge made by Pétain himself in a speech of June 17, 1941.

Pétain, the advertisement argued, had the support of the vast majority of French when, after the crushing defeat of 1940, he agreed to head the government of a Free French zone that would not be occupied by German troops. His actions, the argument went on,

had the appearance of collaboration but in fact were undertaken to lessen the harshness of Nazi rule by keeping for France an area of independent action.

According to the television documentary

on Pétain's trial, 31 percent of the French believe that he should have been acquitted.

An answer to Mr. Isorni's advertisement was published a few days later by the Association of Sons and Daughters of Deported French Jews, which recalled the anti-Semitic persecutions of the Vichy era and declared to the French, "You do not have short memories."

The anti-Semitic persecutions included the days of July 16 and 17, 1942, when nearly 13,000 non-French Jews were rounded up in a cycling stadium in Paris and deported to Auschwitz, where most of them perished. Citing a high school history manual, the statement said 75,000 Jews were deported from France to Auschwitz, including 23,000 French Jews.

"Show me one Jew who was saved by Pétain," said Lucie Aubrac, the author of another book of memoirs of the Vichy period, rejecting Mr. Isorni's contention that Pétain's collaboration masked an effort to lessen anti-Semitic persecutions. Mrs. Aubrac went on, "The Jews who were saved in France were not saved by Pétain; they were saved by the people of France."

Mrs. Aubrac, 72, is not Jewish, but she is married to Raymond Aubrac, a Jewish leader of the Resistance in Lyons and a friend of Jean Moulin, de Gaulle's clandestine representative in France, who was captured by the Nazis in 1943 was believed to have been executed.



France's external affairs minister, Claude Cheysson, left, and Claude Estier, head of the Parliament's foreign affairs committee, with Archbishop Léon-Etienne Duval in Algiers. *The Associated Press*

At the Battle Front, Iran Appears to Shape a Strategy With Limited Goals

By John Kifner
New York Times Service

GARKANI, Iran — The bleak, wind-carved hills in this border area east of Baghdad are the latest scene of Iranian fortitude in the long-running, slow-moving Gulf war.

A series of swift, commando-style raids by the Iranians last month dislodged Iraqi troops from entrenched positions in Iran and brought the Iranians were massing near Basra in southern Iraq, but thus far there has been no attack in that area.

But the limited nature and goals of the new Iranian offensive appeared to mark a change from the human-wave assaults across a broad front that had been used in the past.

Here the Iranians launched a contained operation, which some Western military observers said they believed was at least in part symbolic, to show that they were still capable of aggressive action despite increased Iraqi firepower.

"The commander of our operation," said Colonel Hussein Etehadi, smiling slightly, "is the Twelfth Imam."

In Shi'ite Islam, the religious and political doctrine that has sustained Iran through four years of stalemate against what on paper appears to be a formidable foe, the central "belief" is that the Twelfth Imam, or supreme religious leader, was hidden away in a cave 11 centuries ago and will one day return as the Mahdi, or redeemer, to rule in a perfect society.

The colonel, who is in charge of the front, told a group of foreign journalists that his men, a combined force of regular soldiers and Revolutionary Guards, had recaptured about 30 square miles (77 square kilometers) of territory.

The area, on the fringe of the Zagros Mountains, is generally known as the Metnak Heights region. The colonel said his men completed their assault in eight hours last month, then held off four days of counterattacks.

He asserted that his forces had killed 2,000 Iraqi soldiers, breaking

three brigades, and destroyed or captured 200 tanks. Western military observers in Tehran were somewhat skeptical of the claims made in official communiqués, given the relatively limited nature of the fighting.

There have been repeated reports since late last spring by U.S. intelligence that the Iranians were massing near Basra in southern Iraq, but thus far there has been no attack in that area.

The sudden burst of fighting after months of rumors of an imminent Iranian offensive, and the continued insistence of Ayatollah Ruhollah Khomeini and other Iranian officials that the war cannot end until President Saddam Hussein of Iraq is deposed, indicate little likelihood that an end is in sight.

Along the dusty dirt roads a week after the fighting, Iranian troops were digging into the overhanging ledges, building new shelters of corrugated tin, sandbags and empty wooden ammunition cases.

Scattered among their gear were brightly colored motorcycles and picnic coolers, as well as fresh supplies of gas masks in case of chemical attack. Broken tank treads were used as retaining fences, and green

and red religious flags flapped over the emplacements.

Howitzers were set in deep holes across the road, surrounded by piles of empty shell casings and fresh ammunition. As crews loaded the guns the other day, there were chants of a prayer for the well-being of the prophet Mohammed and his family, and cries of "God is great!" after the lanyard was pulled. A recently captured Iraqi tank sat on a side road.

The Iranians had fought their way through the rugged terrain to the last range of gullies, buttes and ridges that look down on the flat, green Halabah plain running to

The Iraqi Air Force is not in a position to dictate the destiny of the war."

The Iraqis, the colonel contend- ed, have not gained a single mile since the first week of the war.

Bangladesh Cholera Deaths

The Associated Press

DHAKA, Bangladesh — More than 360 people have died of cholera and diarrhea in the last few weeks in the Sylhet and Tangail districts of Bangladesh, local news papers reported. Sylhet is 187 miles (300 kilometers) northwest of Dacca and Tangail just to the north.

Asked about Iraqi air superiority and reports that the Iranians were plagued by a lack of spare parts for their planes, the colonel replied,

arrested last spring in connection with the murder and maiming of West Bank Palestinians.

The police found the rocket launcher in the bushes next to the road where the Oct. 26 attack on the Hebrew bus took place.

With the weapon was a note written in poor Hebrew saying the attack was in retaliation for the murder of two Jewish students near Bethlehem a week earlier. The note said such attacks would continue unless the government instituted capital punishment for Arab ter- rorists.

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Soviet Streamlines Factory Ties in Bloc

By Theodore Shabad
New York Times Service

NEW YORK — The Soviet Union, in a move aimed at closer economic contacts with its allies, has authorized factories to establish "direct links" with their counterparts in other Communist countries.

The contacts could speed the infusion of advanced technology into the Soviet economy and erode the sweeping powers of the Ministry of Foreign Trade.

Konstantin U. Chernenko, the Soviet leader, has generally been viewed as reluctant to pursue changes in economic organization begun by his predecessor, Yuri V. Andropov. But the new factory-to-factory dealings appear to be part of a continuing effort to relax controls and to endow industrial managers with more initiative.

"Direct links" is a Soviet catch phrase used for shortcuts in the bureaucratic maze of the highly structured economy. Traditionally, factories had contacts only through the government ministries that ran them. Foreign transactions, moreover, had to be channeled through trade agencies.

By letting plants work directly with the technologically advanced East Europeans, Soviet planners hope to foster modernization, East Germany and Poland, in

particular, are thought to be ahead in high-tech industries such as microelectronics.

There are no indications that Soviet plants will be allowed to deal directly with enterprises in the West.

Under a decree signed June 7 by Prime Minister Nikolai A. Tikhonov and made public only recently, Soviet plant managers will be authorized to turn to Soviet-block enterprises for tools, parts and services. The managers will be "personally responsible" for the cost-effectiveness of these transactions, and the trade ministry is to "facilitate" such contacts.

The decree applies to members of the Council for Economic Mutual Assistance, the Soviet bloc's economic alliance, and to Yugoslavia, an independent Communist country with a market economy.

The alliance comprises the Soviet Union, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania, Vietnam, Cuba and Mongolia. The decree fostering direct links does not apply to China, North Korea, Cambodia and Laos, none of which are part of the Soviet-dominated economic bloc.

Provisions for direct links have been included in long-term economic accords, extending to the year 2000, that the Soviet Union has signed with Poland and East

Germany. Late last month, at a meeting in Havana of heads of government of the Soviet bloc, Mr. Tikhonov confirmed that factory-to-factory dealings had gone into effect with the two countries.

The June edict, which appears in the latest issue of the Collection of Decrees of the Government of the USSR, an official gazette, seems to carry out an idea proposed 20 years ago by Alexei N. Kosygin, then the prime minister.

He suggested in 1965 that Soviet plants be allowed to conduct foreign trade operations on their own and to benefit from producing high-grade goods for export.

Although such decentralization of foreign trade has since been introduced in some of the Eastern European countries, notably Hungary, it was not carried out in the Soviet Union, where the authority of the Ministry of Foreign Trade remained firmly entrenched.

By drawing on the technical expertise of Eastern Europe, the decree says, the Soviet Union is seeking to expand the output of goods that meet world standards and to resell periodically for new models.

The closer links with Eastern Europe are also aimed at eliminating nonessential imports from the West by encouraging manufacture of more advanced industrial equipment in the Soviet Union.

DOONESURY



Reagan's America and The French

Dominique V.

ABJS — It is well known that European governments are not likely to be re-elected but the executive leading an administration is toward Mr. Reagan's party. This week some very conservative left is supporting him. The Argentinean government has decided to support the United States. The decision of



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International Bond Prices - Week of Nov. 1

Provided by White Weld Securities, London, Tel: 623-1277; a Division of Financière Crédit Suisse-First Boston
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RECENT ISSUES

Am	Security	St/	Cov Issue Pr.	Mdd Prc	Yield	Ave	Net	Avg	Am	Security	St/	Cov Issue Pr.	Mdd Prc	Yield	Ave	Net	Avg					
Am	Security	%	Mdd	Mdd	%	Mo	Price	Mo	Am	Security	%	Mdd	Mdd	Yield	Mo	Price	Mo					
1	Toronto-Dominion Bank	120	75 26 Apr	100	100.125				1	Norcan Energy Res.	120	70 Aug	100	100.125			1	First Fed Holdings	120	70 Oct	100	100.125
2	Transamerica Group	75	94 Nov	100	100.25				2	Hawaiian Corp	120	30 Jan	100	100.25			2	First Fed Holdings	120	30 Oct	100	100.25
3	Demandt	74	91 Feb	100	100.25				3	Alpha Devco Corp	120	95 Nov	100	100.25			3	Peter Pan Credit Co	120	30 Sep	100	100.25
4	North America	74	91 Mar	100	100.25				4	Convergenz Int'l	120	95 Dec	100	100.25			4	General Amer. Transp	120	30 Jan	100	100.25
5	Alfred Trust Finl Inc	120	26 May	100	100.25				5	Alpha Devco Corp	120	95 Nov	100	100.25			5	General Amer. Transp	120	30 Jan	100	100.25
6	North Amer. Utilities	120	26 May	100	100.25				6	Alpha Devco Corp	120	95 Nov	100	100.25			6	General Amer. Transp	120	30 Jan	100	100.25
7	North Amer. Utilities	120	26 May	100	100.25				7	Alpha Devco Corp	120	95 Nov	100	100.25			7	General Amer. Transp	120	30 Jan	100	100.25
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34	North Amer. Utilities	120	26 May	100	100.25				34	Alpha Devco Corp	120	95 Nov	100	100.25			34	General Amer. Transp	120	30 Jan	100	100.25
35	North Amer. Utilities	120	26 May	100	100.25				35	Alpha Devco Corp	120	95 Nov	100	100.25			35	General Amer. Transp	120	30 Jan	100	100.25
36	North Amer. Utilities	120	26 May	100	100.25				36	Alpha Devco Corp	120	95 Nov	100	100.25			36	General Amer. Transp	120	30 Jan	100	100.25
37	North Amer. Utilities	120	26 May	100	100.25				37	Alpha Devco Corp	120	95 Nov	100	100.25			37	General Amer. Transp	120	30 Jan	100	100.25
38	North Amer. Utilities	120	26 May	100	100.25				38	Alpha Devco Corp	120	95 Nov	100	100.25			38	General Amer. Transp	120	30 Jan	100	100.25
39	North Amer. Utilities	120	26 May	100	100.25				39	Alpha Devco Corp	120	95 Nov	100									

HONG KONG

A SPECIAL REPORT

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The Economy: Colony Keeping Eyes on China

FOR BUSINESSMEN in Hong Kong, the details of the Chinese-British draft agreement on the British colony's future after 1997 under Chinese sovereignty are all well and good, but bankers, brokers and property men agree that the true key to Hong Kong's future well-being is the direction of the Chinese economy.

For China to tolerate a free-wheeling capitalist Hong Kong, as outlined by Chinese leader Deng Xiaoping's "one-country, two-systems" plan, China itself must continue on its current path. Since 1979, that path has led away from rigid state planning toward a limited form of private enterprise, profit and loss accounting and, most recently, national taxation.

Although the agreement will mark the first time in history that a Western power has voluntarily negotiated the handing over of a colony to a Communist power, the mid-October plenary session held in Beijing by the Communist Party Central Committee to endorse and extend Mr. Deng's reform of the Chinese economy may some day prove far more important than Hong Kong's chances of survival.

The meeting in Beijing is all the more noteworthy as news of continuing opposition to Mr. Deng's policies inside China leaks into Hong Kong. Not only do diehard doctrinaire leftists in the Communist Party and military hierarchies accuse his policies of contaminating socialist society, but lowly workers and peasants left out of the private-enterprise boom enriching others also feel resentment.

Recently a disgruntled Chinese northerner set off a bomb in the Guangzhou railroad station to express his frustration with the relative wealth of southern China. Hong Kong, soon to be part of

China, must withstand this kind of political and economic resentment or gradually pressure from the mainland will curtail its commercial activities and its international star will fade.

An unofficial member of the colony's Legislative Council, Selina Chow, summed up the challenge to Hong Kong's businessmen in the three-day debate on whether to commend the Chinese-British agreement to the people of Hong Kong: "The relationship between Beijing and Hong Kong can be compared to the relationship between a multinational corporation and its newly acquired, highly profitable subsidiary. In spite of its performance and achievement, the subsidiary cannot afford to overlook the corporate structure. For its own sake, it had better maintain its profitability."

There is no doubt that, with Hong Kong's growth in 1984 anticipated to reach 8 percent (as revised upward by the financial secretary, Sir John Bremridge, from his earlier forecast of 6 percent), Hong Kong is not exactly unprofitable. Its growth has been led by a 45 percent rise in exports, in value terms, for the first half of this year, compared with the same period in 1983. By June, industrial output had increased by about 20 percent and unemployment had fallen to 3.4 percent (considered virtually full employment). All this was accomplished during a period of unprecedented political uncertainty.

Exports to the United States, Britain and China grew 36, 15 and 57 percent, respectively, in the first half of the year. China has continued as Hong Kong's fastest-growing trading partner, leading the increases not just in domestic exports

(Continued on Next Page)



Pedestrians wait to cross a Hong Kong street.

A Growing Private Bank Network Backs Adventurous Entrepreneurs

By Jo McBride

MAKING A FORTUNE is close to the heart of most of Hong Kong's 5.6 million people. Well over half of the colony's population was born in China and migrated to a territory whose streets were reputed to be paved, if not with gold, then with opportunities to earn it.

Evidence that the dream is attainable appears daily in the streets and the news media and in the annual figures for growth of the gross domestic product. The captains of industry, trade taipans and shipping magnates who spearheaded this transformation by working hard and shrewdly, now expect the wealth that they have accumulated to do the same.

At their service is a growing band of private bankers. Not only banks but investment companies and stockbrokerage-based houses are rapidly introducing

these services. They see their market as not limited to Hong Kong but extending to entrepreneurs in neighboring Southeast Asia (many of whom are also ethnic Chinese) and to the newly industrializing states of South Korea and Taiwan.

In all these countries wealth is still held by individuals rather than institutions such as the mighty pension funds of the United States, Japan and Australia. Private banking in Asia is thus a very personal business, a fact stressed by all those having or hoping for a slice of the action.

"But there is nothing really new about it," said John Lewis, senior manager of the Hong Kong Bank group's private banking department. "We have been doing it for years."

Nor, he said, "can it be described as a product; it is a

(Continued on Next Page)

After the Beijing Pact: Relief and Resignation

HONG KONG — With only one month to go before the British Parliament reviews and probably ratifies the British-Chinese draft agreement on Hong Kong's future, a sense of relief and resignation has settled over most of the British colony's 5.6 million people.

The agreement guarantees that Hong Kong's commercial and civic freedoms will be maintained as they are now for at least 50 years under Chinese sovereignty after 1997, as outlined in Deng Xiaoping's concept of "one country, two systems." The draft has been generally perceived, by advocates and critics alike, as being more detailed than expected. That judgment must, however, be viewed in the context of two full years of political uncertainty, pessimism and occasional panic weathered by the Hong Kong Chinese.

"There's no point in it at all; write down that we don't trust China," a Chinese conductor on the colony's century-old Peak Tram said a few weeks after the initialing of the joint agreement in Beijing. His attitude is representative of many Hong Kong Chinese residents, about half of whom are refugees from the Communist mainland.

A cynical attitude toward the Communists' intentions and the ability of ordinary citizens to be heard by either a colonial or a Communist government is posing a major challenge to government officials and community leaders. They are encouraging the Hong Kong majority to shed overnight the effects of three decades of political passivity that have only been reinforced by two years of being relegated to the sidelines while London and Beijing settled the colony's future.

Despite cynicism born out of China's past political behavior, there is reason to believe that the agreement will be observed by Beijing.

The draft is clearly flawed by omissions and compromises, but nevertheless contains what diplomats have come to call the "superfine clause." This is the seventh paragraph of the joint declaration, which includes the essential word "agree," which the British insisted on in the accord. (In international eyes, this key word turns the Chinese-style opening declaration of guarantees, followed by legalistic annexes drafted by the British negotiating team, into a binding agreement equal in status to a treaty.)

Sir Geoffrey Howe's timely move last July, giving Beijing a joint Chinese-British liaison group to observe Hong Kong's transition from now to 1997 in exchange for the "superfine clause," may be Britain's most noteworthy achievement in the often acrimonious negotiations. The Hong Kong people will not know what other diplomatic prices they paid, if any, for the terms of the agreement until 2010, or 25 years from now, when the results of the 22 secret rounds of talks in Beijing will be available for public scrutiny.

Britain's performance may not shine so brightly when historians examining how closely Britain is heading its own commitment to accept a deal with China only as long as it is acceptable to the Hong Kong people. Just hours after the initialing ceremony in Beijing, Sir Geoffrey in New York, the colony's governor, Sir Edward Youde, in Hong Kong and the chief negotiator for China, Zhou Nan, spoke publicly of the newborn draft as if it were a *fait accompli* already ratified, while Hong Kong people were exhorted to carefully review and comment on its terms as if they had a choice.

Now is when the people are supposed to voice their say on what even the governor has termed a "take it or leave it" deal. No reference is made to the assessment office, which they termed a "farce."

The Assessment Office itself has come in for widespread criticism. An unofficial in the colony's Legislative Council, Wong Lam, said the office was a waste of taxpayers' money. A visiting labor member of Parliament, Ian Mikardo, termed it "a sick joke."

"It isn't in any sense meaningful; it's just a cosmetic exercise," he said. "I don't think anybody really believes in it — not even the people running it."

In an effort to increase the flow of comment from the public and lend credibility to London's claim (Continued on Next Page)

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A SPECIAL REPORT ON HONG KONG

New Trade Barriers Hinder Growth of Textile Industry

By Patrick L. Smith

HONG KONG's textile and garment manufacturers have experienced the best and worst of times this year.

By the end of August, the industry's exports totaled \$6.5 billion Hong Kong dollars—an increase of 44 percent over the first eight months of 1983. Even discounting inflation and the reduced value of the local currency, this reflects a healthy gain. Employment in the industry, at 366,000, is up 4 percent since the beginning of the year.

It is clear, however, that the industry's growth will become increasingly difficult to maintain, chiefly because of new trade barriers that could permanently alter the size and character of the industry. These have stemmed mostly from protectionist pressures in the United States, which accounts for more than 40 percent of the territory's textile exports.

In September, Washington implemented new criteria for determining a garment's country of origin. If these rules remain in effect, they will disqualify about \$300 million worth of "Made in Hong Kong" knitwear, since most of the territory's woolen sweaters are produced from unfinished components knitted in southern China.

This was been the industry's most visible concern, but it is not the only one. Since last December the United States has significantly increased its requests for curbs on categories of garments not under

quotas restrictions. There have been 24 such "calls," as they are known in the industry, against Hong Kong in the last year; worldwide, the United States has requested well over 100.

Hong Kong negotiated its current bilateral textile accord with the United States in 1982, under the jurisdiction of the Multi-Fiber Arrangement, or MFA. Since then the trend toward tighter markets has been unmistakable.

Knitters are beginning to turn out high-fashion angora and cashmere garments; production for such labels as Bill Blass, Ralph Lauren, Adrienne Vittadini and Gianni Versace is no longer uncommon. "Everyone wants to make the most of their quota," said Kayser Sung, editor of the monthly *Textiles Asia*.

Offshore investment, which began in the 1960s when export restrictions first began to hinder volume growth, may also accelerate.

Strong consumer demand in the United States—and to a lesser extent in Europe—has pushed sales this year to the maximum allowed by quota agreements. There has also been a surge in the volume of exports in unrestricted categories of garments. The other source of growth in export receipts has been Hong Kong's efforts to produce more expensive goods aimed at the fashion-oriented segment of the retail market.

States of siege are nothing new to Hong Kong's textiles manufacturers. But trade conditions have worsened so dramatically under the MFA that many now argue that the territory would be better off with such a pact.

Tighter restrictions on market access are likely to accelerate trends that have been apparent in the industry for many years—the move upmarket, for instance, and increased investment in production facilities abroad. Many manufacturers expect small companies and those serving the lower end of the market to become casualties in this process.

At the start of the accord, about 60 percent of Hong Kong's sales to the United States were governed by export controls. "A result of calls made since the agreement came into effect," said the colony's assistant trade director, Robert Footman, "we believe we're now about 90 percent restricted."

China because of changes in the mainland's distribution system.

Prices of Chinese silk and angora went up last month 35 percent and 20 percent, respectively, because

China's garment sector is consuming more of the country's raw materials domestically.

Washington's country-of-origin rules will hit the industry most directly. Unless they are altered, knitwear producers will have no choice but to bring their basic knitting operations back from the mainland, where labor costs are less than a third of the level in Hong Kong.

This would be expensive, since the machinery required would almost certainly have to be automated in order to avoid prohibitive wage bills. One small knitwear

company announced in October that it was being forced out of business as a result of the new requirements on origin.

Many larger companies are prepared to make new investments.

Laws Fashion Knitters, for instance, plans simply to reverse its production process—moving its knitting operations to Hong Kong and its finishing and assembly plant to China's Guangdong province.

"It's daft, and it's not very efficient," said Lawrence Mills, chief executive of Laws. "But if we have to, we'll do it the daft way." Laws exported \$40 million worth of mid-range knitwear last year, almost all of it to the United States.

Hong Kong officials, with sup-

(Continued on Next Page)



Stalls are full in a Hong Kong fresh produce market.

Growing Private Bank Network

(Continued From Previous Page)

mark him out as a fairly sophisticated client, since discussion of death is virtually taboo in the East, where it is generally thought to hasten the event.

Another might want advice on how to structure an overseas joint venture, bearing in mind tax and other requirements in his home country and the foreign jurisdiction.

Indeed, the desire to attract such funds provided the spur for many U.S.-based banks to refocus on the sector during the late 1970s and early 1980s. It was then that the combined effects of inflation and competition from a variety of new financial instruments in the world's ever more interdependent capital markets made banks think again about the composition and cost of their deposit base.

As a result, services that had been available free, even to customers who regularly drained their accounts of every inflowing cent, were sharply curtailed. In their place came fee-charging services for the rich, a move that brought commercial banks firmly back into a field that investment houses had been increasingly taking possession of.

The ripples have been worldwide, but nowhere felt more deeply than in the Asia-Pacific region, of which Hong Kong is the financial-services heart. The Hong Kong Bank has a program of "gap analysis" to identify products that private banking clients may want and are not getting.

Wardley is about to start a service that goes beyond the confines of the typical funds management schemes—under which accounts are handled on a "discretionary" or "advisory" basis—by allowing clients to "make all the decisions and do the rest." The leader in funds management, here the banks act as fiduciary agent by shopping around for the best available interest rate and, when the deposit matures, either "rolling it over" or renewing it—at the same institution or placing it elsewhere.

Even this is not as simple as it might at first appear. Not least of the complexities is that John Mansfield of Wardley stressed that a fiduciary service which places a deposit within the same institutional group as the fiduciary agent is a nonsense, a conflict of interest.

The conflict arises because the agent is either placing the funds in house regardless of the interest rate, and hence doing the customer a disservice, or he is cajoling his lion.

CONTRIBUTORS

DAVID BOOTHROYD is Southeast Asia correspondent for *Electronics Times*.

IAN FINDLAY is an Asia-based journalist who contributes frequently to *Newsweek*, the *Asian Wall Street Journal* and the *Far Eastern Economic Review*.

WINSOME LANE is the fashion editor of the *South China Morning Post*.

DINAH LEE is a Hong Kong-based journalist who contributes frequently to the *International Herald Tribune*, *The Washington Post* and *The Economist*.

JO McBRIDE, a Hong Kong-based journalist, writes about finance and corporate management in Southeast Asia.

PATRICK L. SMITH is Asian economics editor of *Newsweek International*.

The Economy: Colony Keeping Its Eyes on China

(Continued From Previous Page)

but in imports and re-exports as well.

As a market for Hong Kong's goods, China increased its purchases 81 percent in the first eight months of 1984 over the corresponding period in 1983. Demand from China for Hong Kong textile products rose more than 100 percent in the half year. It is almost uncanny to see to what degree Hong Kong's economic growth increased in China's direction in the same year its political future was sewn up by Beijing.

Stockbrokers report a similar phenomenon as buying turns selective, favoring blue chips or China-related industries. The market's reaction to the agreement itself was markedly lackluster, since astute money had re-entered the local market following Sir Geoffrey Howe's preview of the agreement at a news conference in Hong Kong in late July. So efficiently had the market discounted the good news in advance of the agreement's Sept. 26 initialing in Beijing that the Hang Seng index actually dropped

immediately afterward as profit-taking set in.

Since the agreement, the market has seen saws, at times dampened by poor company results and continuing skepticism about oversupply in the property sector, which dominates about 60 percent of the Hang Seng's listings. Contrary to expectations, the agreement has not triggered a flood of investor money back into the Hong Kong stock market. "We're only seeing play money so far," said a broker with a British firm. Said another: "There's still a lot of caution, and we're not going to get a flood of money, which left the colony for political reasons."

Of greater concern to the government is that the stock market's movements is the need to lure back to Hong Kong capital investment, which dropped 1.6 percent in 1982 and 6.5 percent last year.

Both of the note-issuing banks in the colony, Hongkong and Shanghai Banking Corp. and Chartered Bank, were quick off the mark, once the agreement had been signed, to herald a new, inviting climate for investment in Hong Kong needs investment in research and development, as well as in construction of production facilities. Instead, capital investment tends toward the short-term variety. In his mid-year address, the financial secretary forecast a growth of 17 percent in real terms in private expenditure on plant,

machinery and equipment, fueled by the colony's need to retain its export competitiveness against Singapore, Taiwan and South Korea.

On the negative side, he reported no growth at all this year for gross domestic fixed-capital formation and a 13-percent drop in growth in private building and construction as well as real-estate developers' margins.

Most worrying to many are the recent and potential changes in the colony's low level of across-the-board taxation, which to date has attracted overseas investment. For the first time since 1975, the government sought to raise funds this year from public borrowing, bringing in 1 billion Hong Kong dollars to relieve some of the anticipated deficit of 3.6 billion dollars. However, Sir John also raised taxes from 15 to 17 percent on salaries, and from 16.5 to 18.5 percent on profits.

Now the draft agreement threatens to cut government revenues by stipulating that earnings from the lease of Crown land will beforth split, after the cost of land for construction has been deducted, between the current government and a bank account in trust to the "special administrative region" government of Hong Kong after 1997. Since the share of government revenues accounted for by premiums on leases and land sales has ranged from 10 to 30 percent over the last decade, some money will need to come from another source over the next 13 years to replace the amount set aside for the post-1997 administration.

According to Patrick Paul, a tax partner of Price Waterhouse, perhaps as little as 5 percent of government revenue will now come from land sales and premiums. He added that "the 20-percent profit tax rate is probably not far away."

Speaking Oct. 24 in the Legislative Council, Mr. Quinn, senior investment manager and a director of Chase Manhattan Trust Co. (Hong Kong), suggested that the overall volume of private banking business available from the region could double to triple in the next five years.

Like his counterparts at other institutions, Mr. Quinn emphasized that growth in the sector was characterized by diversification, with the products it offers stretching far beyond funds management.

These changes are seen as being fashioned by the rapidly altering structure of both the local and global marketplaces.

"Right now," he said, "the markets are freezing up and there is room for institutions to do the business without jostling each other's elbows. But to be a significant player in this market, an institution would certainly have to be established here within the next two to three years."

Even then, a newcomer would find itself competing not only with local giants such as Hong Kong Bank and Wardley (both of which offer worldwide services) but with big overseas participants including Bank of America, Citibank, Chemical Bank and Merrill Lynch, whose private client is in Hong Kong and the Asia-Pacific region is

gradually introduced, and that in 1988 the question of direct elections be publicly reviewed. Sources in the government say there has been enough public response in support of considering direct elections sooner than 1988 that the date might be moved up.

However, the success of firmly planting true representative government on Hong Kong soil before 1997 depends on speedy education of the local population in the principles or advantages of an elective over a colonial or a socialist system.

There has been frequent discussion at community meetings and in the local press of whether direct elections guarantee greater accountability in officials or could threaten Hong Kong with instability.

At the heart of Hong Kong's future lies the central question of its ability to govern itself in such a way that it can truly continue its role in the international economy, and its success in warding off attempts at interference by Communist elements, be they from Beijing, neighboring Guangdong or within Hong Kong itself. Local leaders have been late in assuming the uncomfortable burden of challenging either British or Chinese dictat.

The eventual application of the white paper on representative government may prove a feeble exercise, lacking conviction from the departing British as well as from an uncomprehending Chinese population.

The chairman of a local district committee, Lawrence Lam Yiu Ming, said: "Most of our people have yet to come to grips with the basic realization that democracy is a political system that cannot be given from without, but must be cultivated from within—in the hearts and minds of the people—if it is to work properly."

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Nationality and Defense Are Top Issues As Residents Scrutinize Chinese Treaty

ALTHOUGH the Chinese-British draft agreement on the future of Hong Kong is a more detailed document than anyone in the colony expected, it does not answer many questions still of concern to the 5.6 million people who must live with its consequences. Since the initialing of the draft Sept. 26 in Beijing, the people of Hong Kong, usually politically apathetic, have surprised the local government with their interest in the document itself.

More than three million copies of the agreement printed in Chinese and English were collected from local government offices throughout the territory in only one month.

Initial relief that an agreement was reached has now given way to a careful scrutinization of the fine print. The result has been a fairly steady flow of questioning through the local media on issues left unsolved by the negotiating teams.

Two subjects that have popped up most often are nationality and defense. Others are election guarantees, possible tax hikes and a need for more specific assurances that press and religious freedoms will be maintained.

Nationality was one of the last issues to be tackled by the negotiators, and the resulting compromise has all the hallmarks of a rush job. A diplomat close to the talks concluded that this was the one area of the accord where the solution "was less than satisfactory in all respects." The fact that the question of nationality was tacked onto the end of the draft in an exchange of memorandums between the Chinese and British governments, they are not included in the body of the

draft, led many to believe that the teams simply agreed to disagree. A local legislator, Maria Tam, went on record as saying that the nationality memorandums were less binding than the agreement awaiting ratification by the British Parliament in December.

About half of Hong Kong's people hold British Dependent Territory Citizenship, or BDTC, while the others carry Hong Kong identification cards. Since China does not allow dual citizenship and regards all Chinese born in Hong Kong as citizens of China, and since Hong Kong will cease to be a dependent territory of Britain after 1997, all Britain can offer Hong Kong Chinese is a noncitizenship paper conferring on former BDTCs British consular privileges and travel documents for use overseas.

Their children will not inherit this link with Britain.

The contradiction between China's nationality law, based on bloodlines and the British definition of nationality based on law leaves open is what happens to any Hong Kong Chinese who wishes to decline Chinese nationality under Beijing's sovereignty and prefers instead to simply carry the identity card and travel documents of the special administrative region, or SAR, Special Administrative Region.

Furthermore, the draft ignores the problem of protecting Hong Kong people who have worked in sensitive government posts once Beijing assumes control. The British government has separately con-

firmed that it may employ a clause in the British Nationality Act of 1981 to allow such people the right of abode in Britain that is generally denied to holders of BDTCs. Apparently London is quietly reviewing which Crown servants from Hong Kong should be offered sanctuary, but no one knows how many or at what level of service. It is understood that the safety net will be a small one, given British public sentiment on immigration.

Finally, there are no guarantees to those receiving the new travel documents, be they issued by the SAR or British government, that

the new papers will be treated by third countries with the same respect accorded full passports of sovereign countries. The director of the Hong Kong Chamber of Commerce, Jimmy MacGregor, recently underlined the importance of easy mobility for business travelers from Hong Kong, where growth is totally reliant on trade with other countries.

Should the special amendment to the act be passed, it would, ironically, give the nationality status most desired by residents of the former colony to those few newborn unfortunates caught in a legal loophole.

Another question the draft

leaves open is what happens to any

A SPECIAL REPORT ON HONG KONG

Electronics Industry Booming; Growth Expected to Continue

By David Boodhoyd

ELECTRONICS is in many ways an ideal industry for Hong Kong: young, fast-moving and with enormous growth potential. Many electronic products can be made in small to medium-sized factories, a factor crucial in Hong Kong, where space can be more valuable than gold.

These are some reasons that electronics is the territory's fastest-growing industry, set to take over from textiles as its largest within a few years. The small size of many electronics companies also explains why they concentrate on the relatively simple jobs of assembling consumer electronic products and manufacturing of basic components.

Hong Kong is by far the world's largest producer of electronic watches. Portable radios, telephones, cassette players and computers are also made in huge numbers. Nobody can dispute the industry's success — last year exports of electronic products rose 39 percent to more than \$3 billion. Exports of telephones grew a whopping 537 percent last year, and those of computers 453 percent.

Hong Kong's manufacturers are renowned for their flexibility — changing from one product line to another in a matter of days — as well as their speed of delivery and their prices. What they are not known for is originality, innovation or research and development.

This lack is one reason some industrialists have been worried that the boom days could be short-lived. They point to Taiwan and South Korea. Hong Kong's two major competitors in electronics, both of which have industries heavily supported by their governments.

Taiwan's Electronic Research and Service Organization does fundamental research, manufactures critical parts such as silicon chips, and develops product prototypes for private industry to manufacture in volume.

Major Korean electronics companies such as Gold Star and Samsung are huge corporations with large research departments. The Seoul government also works closely with the country's major private firms.

So far, the lack of R&D in Hong Kong has made little difference. The territory's smaller companies are every bit as inventive in creating new cosmetic designs for their products as the South Koreans and the Taiwanese, and are fiercely price competitive.

problem — the volatility of the market.

Video games formed a major part of its sales, and that market has collapsed in the last year. Wong's had a close tie — now severed — with the U.S. company Atari, which was also hurt badly when the bottom fell out of video game sales.

Volleyball is something Hong Kong and its people know well — this has been one of the territory's major characteristics during the last two years, while the 1997 agreement was being negotiated. The stock market has soared and slumped, and predictions about the future of the electronics industry have been similarly variable.

A recent report produced for the government claimed that, although companies were efficient and flexible, they did not have the necessary resources "to perceive market needs and execute product development themselves."

Vickers da Costa's report concluded: "The industry today is at a crossroads, with one fork leading to a dead end." While short-term prospects were bright, it said, in the long term the industry could find itself in a cul-de-sac of a relatively limited product range offering poor profits.

Mr. Wyllie also predicted a gloomy future if Hong Kong companies merely copied products developed in the West and tried to market them under their own brand names.

"One has only to look at the advertising budgets set up by companies such as Apple and IBM to see that this is so," he said.

Apart from a lack of original development, the other factor of great significance to Hong Kong electronics, as to so much else in the territory, is China. The cheapness of Chinese labor is persuading manufacturers in Hong Kong to assemble goods over the border, then test them and ship them from Hong Kong. Most production work is simple assembly, so China's huge pool of cheap labor, only 50 miles or so away, is likely to capture a considerable amount of the manufacturing work from Hong Kong over the next decade.

But Hong Kong is also the place where the top couturiers of Paris, the United States and Italy sell their clothes at lower prices than in their own country.

Dior, Hermès, Gucci, Lanvin and Chanel all have one or more boutiques here where their top-line products are snapped up by the rich Chinese residents as well as

such as testing and quality control.

Urban Council Inspires a Renewal of Hong Kong Arts Scene

By Ian Findlay

THE NOTION that Hong Kong is a cultural desert is gradually being erased. Though many people in the British colony, both Chinese and expatriate, still cling to this view, there has been a small "cultural revolution" going on during the last few years, and now in theater, cinema, dance, music and the visual arts there are productions as exciting as any in the region.

Much of the credit for this renaissance goes to the local government's Urban Council for some of its innovative policies. The council first sponsored the Hong Kong Arts Festival in 1973. It followed with sponsorship of the Festival of Asian Arts in 1976 and the Hong Kong International Film Festival in 1977.

This international approach to culture in Hong Kong has not overshadowed what goes on locally throughout the year. The council has formed theater companies, dance and ballet groups and a Chinese orchestra, and built a new cultural complex in Kowloon.

It is not only the Urban Council that has developed a serious attitude toward sponsorship of the arts. The Hong Kong government has also invested heavily in the arts in the last decade, particularly in theater, ballet and music. The council and government's combined budgets for the arts total almost \$25 million.

"I think that the government has done a lot for the growth of the arts, but for very specific reasons," said Benny Chia, manager of the Hong Kong Fringe Club. "Their interest stems from the riots of 1967 and after. The government felt that young people should have something to do against the purely commercial instincts of Hong Kong's film studios. That they have succeeded with such work as 'Boat People' and 'Ah Ying' surprised many people in the film industry. As yet, however, there is little knowledge of modern and classical techniques, and a shortage of good choreographers who could add style to local productions.

The strongest art forms in Hong Kong are the cinema —

for the most prolific and popular — and the theater. It is within these formats that Hong Kong people have most successfully explored their roots and cultural identity.

Ann Hui and Allen Fung are the two most outstanding new directors in Hong Kong cinema. They have dared to

go against the purely commercial instincts of Hong Kong's film studios. That they have succeeded with such work as 'Boat People' and 'Ah Ying' surprised many people in the film industry. As yet, however, there is little

knowledge of modern and classical techniques, and a shortage of good choreographers who could add style to local productions.

The Fringe Club and many small independent theater groups and dance companies have allowed the Chinese,

who make up 98 percent of the population, to explore their artistic and cultural roots. But the people at the forefront of the renaissance are for the most part those who have studied abroad and returned with a broader cultural perspective. For instance, Ann Hui, director of the highly acclaimed and award-winning film "Boat People," studied

cinema in Britain, and the artist Josh Hon studied in the United States.

The visual arts in Hong Kong are the poor relation to other art forms. There is no college of art and no permanent art museum where Hong Kong's valuable public and private collections can be shown. Those who work in the visual arts, unless invited by bodies such as the art center or private groups, have to pay large sums of money to exhibit their work. Those who can escape the traditional teaching methods of the two Hong Kong universities do so. But few return to help local artists reach an international audience.

Dance, like the visual arts, has a small but appreciative audience. The Hong Kong Ballet Company and modern dance companies are faced with serious problems in recruiting. There is little available for training, a lack of knowledge of modern and classical techniques, and a shortage of good choreographers who could add style to local productions.

The strongest art forms in Hong Kong are the cinema —

for the most prolific and popular — and the theater. It is within these formats that Hong Kong people have most successfully explored their roots and cultural identity.

Ann Hui and Allen Fung are the two most outstanding new directors in Hong Kong cinema. They have dared to

go against the purely commercial instincts of Hong Kong's film studios. That they have succeeded with such work as 'Boat People' and 'Ah Ying' surprised many people in the film industry. As yet, however, there is little

knowledge of modern and classical techniques, and a shortage of good choreographers who could add style to local productions.

The Fringe Club and many small independent theater groups and dance companies have allowed the Chinese,

who make up 98 percent of the population, to explore their artistic and cultural roots. But the people at the forefront of the renaissance are for the most part those who have studied abroad and returned with a broader cultural perspective. For instance, Ann Hui, director of the highly

acclaimed and award-winning film "Boat People," studied

otter a wide variety of theatrical experience and innovation.

While many groups give performances of the classics, from Ibsen to Shakespeare, the Chung Ying Theatre Company is trying to reach the community more directly. Bernard Goss, artistic director of the company, said he felt that the challenges in Hong Kong theater far outweighed the problems. "I want to develop Hong Kong talent," he said. "I want to develop a company that goes into the community and gives quality."

Mr. Goss said he wanted fewer visiting actors and directors from abroad. There is, as he says, a lot of talent in Hong Kong waiting to be encouraged. He is developing works that will give young Chinese a chance to show their ability. He also hopes to have the company completely bilingual by the time its contract runs out in two years.

The problems in developing a strong cultural base in Hong Kong have been immense. There is little attention to developing the arts through education. There is more than enough money through government and private sponsorship to develop a more culturally sophisticated public. But there are problems here as well. "There is a tendency with the Urban Council to choose people who don't know and don't have experience in the arts," said a local critic who declined to be named. If quality is to improve, the critic said, the Urban Council "has to get a lot more professional about the audience."

The Hong Kong Arts Festival has perhaps done more to bring a broad range of high-quality artistic performances to the territory than any other event. Critics feel, however, that the territory is now inundated with festivals and that the arts administrators have tended to go for quantity rather than quality.

"The arts festival is not designed to bring tourists to Hong Kong. It is designed for the people of Hong Kong," said Keith Statham, director of the festival. Mr. Statham said he would like to see more emphasis placed on developing local talent rather than importing foreigners to fill the gaps.

As East Meets West, Designers Attain World Status

By Winsome Lane

THE POSITION of Hong Kong at the crossroads of Eastern and Western cultures, where the flow of world trade streams toward the open doors of China make it particularly exciting as a center of divergent influences on the fashion scene.

The young designers of Hong Kong, who are making their mark in the world with innovative designs based on Chinese traditional clothes, are so to go more to the outside world with boutiques in such stores as Saks Fifth Avenue and Bergdorf Goodman of New York and Harrods of London.

But Hong Kong is also the place where the top couturiers of Paris, the United States and Italy sell their clothes at lower prices than in their own country.

Several companies have suffered in the last year, not least Conic Investment, which had written off more than \$27 million owed to it by companies controlled by its former chairman, Alex Au. An overextended management failed in cope with the consumer electronics boom of this year, Vickers da Costa claimed.

Conic, a maker of televisions, clock radios, watches and other consumer electronic products, is now controlled by a joint venture from China. While its problems this year have been exceptional, another major Hong Kong electronic company, Wong's Industrial, has suffered from a more conventional

disengaging shoppers from all over the world.

Hong Kong women are avid collectors of jewelry, and the jewelry

mink for its Hong Kong boutique, some of the finest pieces from the

Paris workshops of Cartier brought a collection here recently worth more than \$20 million.

The top couturiers of Paris, the United States and Italy sell their clothes in Hong Kong at lower prices than in their own country.

of Cartier, Van Cleef and Arpels and Buccellati sells better here than in many other capital cities.

Brenda Chau, an attorney who married into a rich banking family and who is internationally known for her two Rolls-Royces, one gold-plated, the other in shocking pink, has, in addition to a shocking-pink floor-length mini to match the Rolls, a ball gown entirely encrusted with precious stones.

A boutique in Hong Kong is now almost a necessity for the world's top designers, and despite some misgiving over Hong Kong's future, the market for fine clothes, handbags that sell at prices beginning in the \$1,000 range and fabulous jeweled silk-brisk here.

Last year, Dior brought a \$200,000 lynx coat as a sales gift.

mink rancher, Ruo Gengel, president of the Emba Mink Breeders Association.

Mink from China, on the Hong Kong market, matches the finest skins from the breeders of North America and Scandinavia.

Mr. Gengel said that while Hong Kong workmanship and finishing are now only slightly behind the rest of the world, the prices are less than a quarter of the cost of buying a mink coat made up in the United States.

The cheapest mink coats in the world can be bought here, from mink bred in China. But several top breeders said that China has been in such a hurry to expand its mink industry that quality has been sacrificed.

Eric Nussbaum, custodian of

While he was in Hong Kong, a \$6-million sapphire and diamond necklace was sold together with a number of other choice pieces.

There are still many very rich people living in Hong Kong, but, now with the knowledge that China will be taking over in 1997 many of them are contemplating living elsewhere," he said. "Because of this they are buying more jewelry, which they view as an investment. We know it is always worthwhile to buy such a collection of jewelry to Hong Kong. We also know that many people come to Hong Kong from other parts of Asia to buy luxury goods, partly because they are tax-free here and partly because this is a sort of shop window for Asia — they know the world's top luxury goods can be found here."

Neither exhibition was given any advance publicity — former clients and a few carefully selected people were notified in advance.

While Dior has recently opened a second boutique here and other top French designers are planning second and third boutiques, the recently retired international director of Dior, M. Jacques Rouet, said: "Hong Kong is unique as a market place for the world, and although other industries are slumping here the luxury clothes and jewelry business continue to boom."

"Hong Kong is still a place where people will pay the earth for a status symbol."

(Continued From Previous Page)

once the British garrison is withdrawn from Hong Kong in 1997.

The draft accord is also silent on the future of the Chung Hom Kok communications center, which houses British intelligence-gathering operations linked with General Communications Headquarters in Cheltenham in Britain. What is clear is that Beijing will not let the British spy operations continue on their present scale. One suggestion that has been made is that the

eavesdropping center could be moved inside the future British consulate-general once Hong Kong becomes an SAR, as operations conducted by other nations from their local consulates. A second suggestion is that Britain request extraterritorial protection for Chung Hom Kok as part of the consulate.

A third murky topic referred to but not illuminated in the draft is the Basic Law for Hong Kong to be drafted separately by the Chinese for application by the SAR government.

agreement in the council Oct. 16: "I am puzzled by Section II of Annex I, which states that Hong Kong laws shall be maintained save those that contravene the Basic Law. It further states that laws enacted by the legislature, which are in accordance with the Basic Law, shall be regarded as valid. Since the Basic Law is not yet drafted, we do not know as yet which of the Hong Kong laws might contravene the Basic Law.

"Although assurance is given under the joint declaration that basic policies outlined in the agreement will be stipulated in the Basic Law, Section II of Annex I, which is also part of the agreement, could be taken as an escape clause... It is, therefore, essential that there should be Hong Kong input in the drafting, a free hand for Hong Kong in its implementation and independence in its interpretation."

There is similar confusion over whether Hong Kong residents now holding nominal positions in Chinese political organizations are free under the new agreement to hold elected office in Hong Kong after 1997.

While the current government of Hong Kong has drafted a green paper proposing methods of extending indirect and direct elections to public office in the territory, the draft agreement with Beijing makes no guarantee that the system in 1997 will be preserved by the Chinese when they take over. It says only that the chief executive of the SAR will be appointed by Beijing on the basis of election results or local consultations. Hong Kong residents will find that, after introducing direct elections to the Legislative Council (an option to be reviewed by 1988, according to a government green paper outlining proposals for wider representation), they lose direct franchise only a decade later under Communist rule.

Businessmen are also concerned about an obvious consequence of the land annex, which stipulates that from now on the Hong Kong government must split revenues from the sales of Crown leases with the future SAR government. The SAR's share will be held in a local bank account for its use after 1997. Since the government receives a substantial share of its income from lease sales, businessmen fear that tax increases to make up for the shortfall are inevitable. An American businessman said privately, "Significant tax increases for Hong Kong would be disastrous, since its low and equal rate of taxation is a major attraction for investment."

DINAH LEE

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International Bond Prices - Week of Nov. 1

Provided by White Weld Securities, London, Tel.: 623-1277; a Division of Financière Crédit Suisse-First Boston
Prices may vary according to market conditions and other factors.

New Eurobond Issues

Issuer	Amount (millions)	Mot.	Coup. %	Price at offer	Yield at end week	Price end week	Terms
FLOATING RATE NOTES							
Overseas Finance	\$150	1989	1%	100	—	99.80	Over 6-month Libor. Minimum coupon 5%. Callable at par in 1985. Fees 0.25%.
Commerzbank	0.15	1988	—	\$29	—	\$32	Each lot of 5 warrants is exercisable at par into a \$1,000 note of company's noncallable 12% of 1991.
SNCB	\$75	1991	1%	100	—	99.75	Over 6-month Libor. Minimum coupon 5%. Denominations \$100,000.
Sweden	\$500	1999	libid	99.28	—	99.30	Interest pegged to 6-month rate for Eurodollar. Minimum coupon 5%. Redemptions at par in 1989 and 1994. Sold by tender. Denominations \$10,000.
FIXED-COUPON							
Bank of Tokyo Holding	\$100	1992	12%	100	12%	99.13	Callable or 101 until 1990 as warrants are exercised.
Bank of Tokyo Holding	0.10	1990	—	\$35	—	\$36	Each warrant is exercisable at par into a \$1,000 note of company's noncallable 12% of 1992.
Chesbrough Ponds Finance	\$100	1993	12	99%	12.13	98.13	First callable at 101 in 1991.
Crédit Suisse Finance	\$100	1992	11%	100	11%	98.50	Callable at 101 until 1990 and at par thereafter as warrants are exercised. Payable Feb. 12, 1985.
Crédit Suisse Finance	0.10	1992	—	\$36	—	\$35	Each warrant is exercisable at par into a \$1,000 note of company's noncallable 11% of 1992.
Denmark	\$250	1992	12%	100%	12.69	96.38	Callable at 101 until 1989 and at par thereafter as warrants are exercised. Payable Feb. 27, 1985.
Denmark	0.25	1992	—	\$40	—	\$46	Warrants are exercisable at par into company's noncallable 12% of 1992.
Den Norske Creditbank	\$75	1991	12%	100%	12.69	97.88	Callable at 100% in 1989. 20% payable on subscription and balance in May 1985.
Den Norske Creditbank	0.075	1989	—	\$35	—	\$46	Warrants are exercisable at par into company's noncallable 12% of 1991.
Finland	\$75	1994	12%	99%	12.34	98.50	Noncallable.
IBM Credit	\$100	1989	11	99%	11.20	99	First callable at 101 in 1992.
Kimberly Clark	\$100	1994	12	100	12	98.88	Noncallable.
National Investment Bank Netherlands	\$50	1990	12	100	12	98.63	Callable at 101 until 1990 and at par thereafter as warrants are exercised. Payable Feb. 5, 1985.
National Investment Bank Netherlands	0.05	1988	—	\$39	—	\$45	Warrants are exercisable at par into company's noncallable 12% bonds of 1990.
Nomura (Europe)	\$100	1991	12%	100	12%	98.13	Callable at 101 until 1989 and at par thereafter as warrants are exercised.
Nomura (Europe)	0.10	1991	—	\$42	—	\$42	Warrants are exercisable at par into company's noncallable 12% of 1991.
Privatbanken	\$100	1995	12%	106%	—	103.33	Callable at 101 until 1990 and at par thereafter as warrants are exercised. If at least \$5 million worth of warrant-bond is purchased. Payable Feb. 6, 1985. Also 100,000 warrants exercisable at par into company's noncallable 12% of 1995. Bonds ended the week of 97.63 and warrants at 5%.
Royal Bank Canada	\$100	1992	12%	100	12%	98.75	Callable at 101 as warrants are exercised, and at par in 1989. Payable Jan. 28, 1985.
Royal Bank of Canada	0.15	1989	—	\$31	—	\$48	Warrants are exercisable at par into company's noncallable 12% of 1992.
Royal Bank of Canada	0.050	1987	—	—	—	\$34	Each warrant is exercisable at 105 in a \$1,000 note of U.S. Treasury's 12% of 1987.
South Australia Financing Authority	\$95	1994	zero	32%	11.90	—	Proceeds \$29 million.
Wells Fargo	\$100	1991	12%	100	12%	98.25	Callable at 101 until 1989, and at par thereafter as warrants are exercised.
Wells Fargo	0.10	1989	—	\$45	—	—	Warrants are exercisable at par into company's noncallable 12% of 1991.
Australia	DM 600	1996	7%	99%	7.32	—	Noncallable.
South African Transport Services	DM 100	1992	7%	99%	7.71	—	Noncallable.
TCPL Resources	CS 75	1989	12%	100	12%	98.25	Noncallable.
TCPL Resources	0.075	1989	—	CS 38	—	CS 36	Warrants are exercisable at par into company's noncallable 12% of 1994.
NMB Bank	DE 125	1989	7%	99%	7.62	—	Noncallable.
Woolworths New Zealand	NZ\$ 25	1991	16%	100	16%	—	Redeemable at par in 1989.
EQUITY-LINKED							
Hazama Gun	\$50	1989	9%	100	9%	—	Noncallable. Each \$5,000 note with one warrant exercisable into \$5,000 worth of company's shares of 470 yen per share, a 2.17% premium. Exchange rate set at 247.50 yen per dollar.
Mitsubishi Metal	\$100	1989	open	open	—	—	Coupon indicated at 8%. Each \$5,000 bond with one warrant exercisable into \$5,000 worth of company's shares of an anticipated 2% premium. Terms to be set Nov. 13.
Star Manufacturing	\$50	1999	open	open	—	—	Seniorized coupon indicated at 3%. Convertible on an anticipated 5% premium. Terms to be set Nov. 8.
Viacom Int'l	\$50	1999	open	100	—	99.50	Coupon indicated at 7%. Callable at 105 in 1994. Convertible on an anticipated 16-20% premium. Terms to be set Nov. 8.

Rate Optimism Fuels Eurobond Trade

(Continued from Page 13) this, most traders say they refuse to make a market in these notes — meaning trading will be very difficult.

The orphan status of these notes is already evident in that the price they fetch is lower than that of similarly dated paper not subject to premature call.

It is worth noting, therefore, that of last week's issues, only Den Norske's \$75 million of 12%-percent notes due in 1991 offered investors protection against premature call. The host issue is not callable for five years (which was standard practice until two weeks ago). Notwithstanding, the paper — offered at 100% — ended the week at 3 discount of 2% points.

But underwriters had no reason to complain as the five-year warrants to buy 12%-percent notes of 1991, offered at \$35 each, ended the week at \$42 bid, \$46 asked.

Denmark twice increased its issue to a final amount of \$250 million (payable Feb. 27) and raised the offering price of its warrants from \$40 each (on the initial \$150-million offering) to \$42%. But its 12%-percent notes, priced at 100%, ended the week at 96% bid, 98% asked, while the warrants ended at \$46.

Royal Bank of Canada sold \$100 million of 12%-percent notes due in 1992 (payable Jan. 28) and five-year warrants at \$31 each to buy 12%-percent notes of 1992. The warrants soared to \$50 before ending the week at \$35. In the interim, taking advantage of the appetite

for warrants, Royal sold options on \$50 million of U.S. Treasury 12%-percent notes due in 1989.

The Treasury notes are part of the bank's own inventory. The warrants can be exercised at a price of 105 (the prevailing quote when the warrants were sold) and were sold at prices from \$32 to \$38 each. The price at the end of the week was \$34.

Privatbanken sought to sweeten the terms on its deal by offering 10-year warrants — the longest the market has seen so far. But its \$100-million of 12%-percent host bonds (senior debt) ended the week at 97%, while the warrants to buy 12%-percent bonds of 1995 were quoted at \$57, a decline of almost 3 points for the package offered at 106%.

Four non-warrant issues were marketed but three, with a face value of \$300 million, provided for delayed payment ranging from early December to mid-January.

The only so-called plain vanilla issue was a \$75-million, 10-year bond for Finland. The coupon was set at 12% and a discount subscription price of 99% raised the yield to investors to 12.34 percent. Payment for the bonds is Nov. 15.

IBM Credit, which sold \$100 million of five-year notes at 99% bearing a coupon of 11% percent, is payable on Dec. 3. The issue, sold almost exclusively in Switzerland, was noteworthy in that it demon-

strated that U.S. Treasury paper sold internationally is not the definitive benchmark for the Eurobond market that some analysts had thought it would be. The Treasury's four-year notes sold here earlier in the month carried a coupon of 11% percent.

In the Canadian dollar sector,

Trans Canada Pipeline Resources

sold 75 million dollars of 12%-percent notes due in 1989 and warrants — the first for this sector — priced at \$38 dollars, to buy 12%-percent bonds due in 1994. The host issue is not callable.

Elsewhere, volume was light with only two new Deutsche mark issues ending the current calendar.

For what bankers call "rate hogs," investors attracted by high coupons, Woolworth of New Zealand offered 25 million dollars of 16%-percent notes due in 1991. Anyone tempted by the high coupon should realize the New Zealand dollar is a candidate for devaluation.

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Swedish Offering Sets a New Low

By Carl Gewirtz
International Herald Tribune

PARIS — Sweden set a new low in borrowing costs last week when it sold \$500 million of floating-rate notes on the international capital market.

The offering was underwritten by Morgan Guaranty, which then invited banks to bid for the paper. The high price of the accepted competitive bids was 99.33, the low was 99.25 and the average price was 99.28, or 1/2 basis points below par.

The notes have a life of 15 years, but investors have the option of redeeming at par after five or 10 years. Taking a worst-case assumption that the entire issue is retired after five years, the cost to Sweden works out to 1/2 basis points above the London interbank offered rate, the most widely used measure.

The actual interest rate on the notes is set at the London interbank bid rate, which normally is ½ point below Libor. To translate Sweden's cost to a Libor basis, bankers divide the discount offering price of 72 basis points by five years. From the resulting 14 basis points is subtracted the 1/2 basis points difference between Libid and Libor, leaving a margin of 1/2 basis points over Libor.

If the notes are held outstanding for 10 years or to full maturity, the cost drops further.

The real cost is obviously slightly higher as undisclosed fees were paid to Morgan's merchant bank.

ing unit for underwriting the deal and to Morgan's commercial bank for handling the bidding.

The soaring growth of the FRN market and the burgeoning Euronotes market amply demonstrate that institutional investors are eager for

date when the new coupon level is set.

From a borrower's view, the choice between issuing Euronotes or FRNs depends on its need for cash. If the object of the exercise is to raise and use a loan, then an FRN is the best tool since the cost of funds and the duration is relatively fixed. By contrast, there is no certainty that six-month Euronotes could constantly be re-issued at favorable rates for five years.

But Euronotes appeal to investors who need the flexibility of raising varying sums of money for different periods and also to borrowers whose credit standing requires more sophisticated analysis than is likely to be accorded in the FRN market.

Electrolux, for example, is currently organizing a \$75-million, six-year Euronote facility which lead manager Merrill Lynch says will be used "but by no means continuously." The Swedish company will offer notes of one-, two-, three- or six-month maturities and Merrill, as usual in its revolving underwriting facilities, will act as sole placing agent.

Banks providing a backup line of credit will earn an annual underwriting fee of 1/16 percent and stand ready, if the notes cannot be placed, to take the paper at a price of 10 basis points over Libor.

Turkey, which was the first major debtor forced to reschedule its debt and the first to emerge on sounder footing, is currently sounding out bankers for terms for a seven-year loan of \$500 million.

No doubt, this will be a classic syndicated bank credit but the government and the bankers are reported to be still quite far apart on appropriate terms.

Also haggling over terms is Algeria. Crédit Populaire d'Algérie and Banque Algérienne de Développement are planning to jointly tap the market for \$500 million and want a large element of ½-point over Libor. Japanese banks, a source close to the deal reports, have telephoned directly to the Algerians a willingness to lend at ½ while Middle East banks are insisting that such a thin margin for more than two years of the planned eight-year loan would find little support elsewhere.

The newly formed Kuwait-Tunisia Bank, carrying the guarantee of Tunisia, is seeking \$50 million for eight years, paying ½-point over Libor for the first five years and ¾-point thereafter.

In Asia, the Korea Exchange

Bank is seeking bids on terms for a loan of around \$200 million.

BANQUE NATIONALE DE PARIS

Floating rate note issue of US \$250 million January 1980/88

The rate of interest applicable for the three month period beginning October 31, 1984 and set by the reference agent is 10 ½% annually.



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A Scheme of Arrangement dated 17th May 1983 providing, among other things, for the exchange of bearer shares of Global Natural Resources Limited, formerly Global Natural Resources PLC, a company organised under the laws of England (Global-UK), for registered shares of Global Natural Resources Inc., a company organised under the laws of the State of New Jersey, USA (Global-US), became effective in July 1983. Pursuant to the Scheme of Arrangement, the issued and outstanding shares of Global-UK have been cancelled. They entitle the holders only to obtain registered shares of Global-US in exchange for their bearer shares of Global-UK and have

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American Exchange Options

For the Week Ending Nov. 2, 1984

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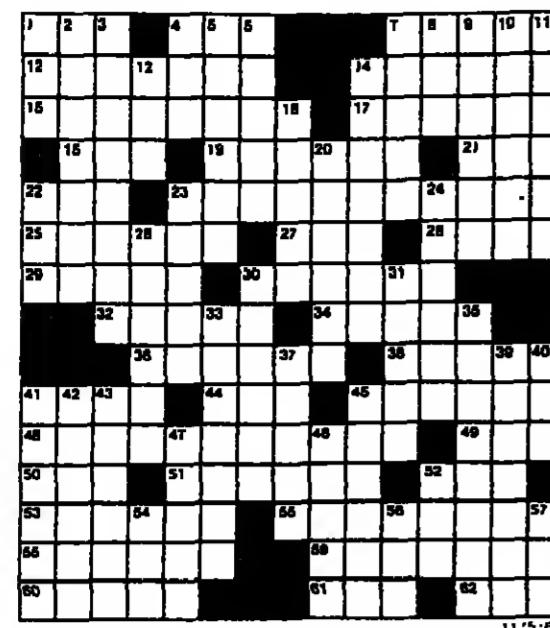
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320	11,50-1300	225-2375	1875-2125
340	550-450	1400-1725	1400-2500
360	225-235	1100-1250	1075-1225
380	25-175	725-875	1400-1500
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400	—	225-300	1025-1225
420	—	150-225	525-675

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ACROSS

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- 4 Viper
- 7 Game of strategy
- 12 Schularly
- 14 Bring to life
- 15 Makes over, as a house
- 17 Beat in a footrace
- 18 Type of fighter plane
- 19 Rules
- 21 F.D.R. program
- 22 Jet-engine housing
- 23 Hamilton's Broadway hit: 1941
- 25 Mystery
- 27 — + tu
- 28 Home base, to von Braun
- 29 "Gloria—," a doxology
- 30 Batch
- 32 Anatovek's matchmaker
- 34 Razor accessory
- 36 Like some grins
- 38 Preparand prayer
- 41 Look over
- 44 Vegetable

DOWN

- 1 Suffix for front
- 2 Amati
- 3 Climatological concern
- 4 Succor
- 5 Breastbones
- 6 Pequod's co-owner
- 7 Outer layer
- 8 All — up (excited)
- 9 Breadwinner

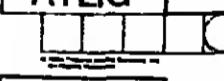
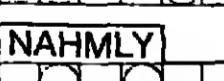
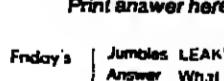
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DENNIS THE MENACE

"WHAT'S THE USE OF GETTIN' UP? ALL I GOT TO LOOK FORWARD TO IS THE CORNER, MORE CARROTS AND ANOTHER BATH."

JUMBLE

Unscramble these four Jumbles. One letter to each square, to form four ordinary words.

AYLIG**PANCO****KADMAS****NAHMLY****Print answer here:**

(Answers tomorrow)

Friday's Jumbles LEAKY ERASE INVITE FACILE

Answer What too much of an open mind might be like—A SIEVE

Print answer here:

(Answers tomorrow)

Friday's Jumbles LEAKY ERASE INVITE FACILE

Answer What too much of an open mind might be like—A SIEVE

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(Answers tomorrow)

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SPORTS

Marino's Success as Dolphin Is Laid to 'The Shula System'

By Dave Anderson
New York Times Service

NEW YORK — In the dazzling development of Dan Marino as the Miami Dolphins' quarterback, it's natural to talk about how Coach Don Shula has been lucky to have this bushy youngster who throws a football as easily as if it were a dart and was the last of the six passers selected in the first round of the National Football League's 1983 draft. But instead, Marino might be even more lucky to have Shula coaching him.

Under another coach on another team, it's conceivable that, for all his now-apparent ability, Marino might still be wearing a telephone headset on the sideline, or he might have been rushed into playing before he was ready.

Instead, as the unbeaten Dolphins were awaiting Sunday's game with the New York Jets, the 23-year-old quarterback was thriving as no other second-year quarterback ever has. It's not an accident. Of the current NFL coaches, Shula is arguably the best. In his 22 seasons, his teams at Miami and before that at Baltimore have won 222 regular-season games, 2 more than Tom Landry has won with the Dallas Cowboys in 25 seasons.

Shula belongs with all the famous coaches of the past — Vince Lombardi, Paul Brown, George Halas, Bear Bryant, Knute Rockne, Pop Warner, Amos Alonzo Stagg.

"Don Shula can take him's and beat your's," Bum Phillips, the New Orleans Saints' coach, once said in his Texas twang. "Or he can take your'n and beat his."

The reason not only for the Dolphins' enduring success, but also for Marino's sudden success, is "The Shula System," as Don Strock, the Dolphins' backup quarterback, calls it. To understand The Shula System is to understand the coach's search for perfection in practice.

"We never let an error go unchallenged," Shula says. "Uncorrected errors will multiply."

When someone once asked Shula if perhaps it might be better occasionally to overlook a small flaw at practice, the coach smiled.

"What is a small flaw?" he said.

Whatever it is, Marino doesn't seem to have one. With 27 touch-down passes this season, he should shatter the NFL record of 36, shared by Y.A. Tittle of the 1963 Giants and George Blanda of the 1961 Oilers, each in 14-game schedules. With 2,672 passing yards, he should surpass the record of 4,802, set by Dan Fouts of the 1981 Chargers in 16 games.

Including the nine games Marino started last season, the Dolphins have a 16-2 record with him as quarterback, not counting the 27-



Dan Marino

20 playoff loss to the Seattle Seahawks, in which he played on a knee that later required arthroscopic surgery.

"Never mind who's lucky to have who," Shula says. "Marino should be recognized for what he's done. I'm not out there when the ball is snapped. No young quarterback has ever done what he's doing, being picked to start the Pro Bowl as a rookie before his knee injury kept him out, and now having a year like he's having."

As practice, Shula is never far from this 6-foot-4, 215-pound (193 meters, 97.5 kilograms) quarterback from Pitt.

"We spend a lot of time giving Dan the picture he should have of the opposing defenses, our philosophy of what to do with the ball, the coach says. "Some teams rush three players and defend with eight. Our teams just are the opposite; they cover every receiver and blitz everybody else."

"Dan's got an outgoing, attack-type personality. He's a winner because he's not afraid to do the things you have to do to win. He's like Joe Namath was in that respect, and he's like Dan Fouts is with his quick arm, his knowing what to do, his accuracy."

From the moment he walked in, everything you saw about him, you liked. He's just a down-to-earth guy from Pittsburgh, blue-collar people, warm people. I've compared this guy to Larry Csonka in personality. He's always around the locker room like Zonk was in our Super Bowl years, he just enjoys being around the other players."

When the Dolphins were winning Super Bowls VII and VIII, Shula constructed his offense around Csonka, a 240-pound fullback. That's another thing about The Shula System," says Strock, a taxicab quarterback as a rookie on the Super Bowl VIII roster. "When he had Zonk, he ran the ball 65 percent of the time and passed 35 percent. One as the Eagles were driving toward a late score, Boston College lost another fumble on the ball four times.

Iowa 10, Wisconsin 10
In Iowa City, Iowa, quarterback Chuck Long scored from the 1-yard line with 11:54 left as Iowa kept its Big 10 lead over Ohio State by tying Wisconsin, 10-10. Long threw three first-half interceptions, but completed 6 of 9 passes in the second half to help salvage the tie.

Ohio St. 50, Indiana 7
In Columbus, Ohio, Ohio State raced to a 33-0 half-time lead and went on to overwhelm Indiana, 50-7, and stay one-half game behind Iowa in the Big 10. The nation's leading rusher, Keith Byars of the Buckeyes (7-2), was used sparingly because of an ankle sprain, and Steve Smith, who gained 126 yards and scored two touchdowns.

Representatives of the Sugar, Orange, Cotton, Fiesta and Sun bowls were present at Beaver Stadium to see Flutie in action, as were 55,690 fans. One of the bowl representatives, who asked not to be quoted by name, indicated that the loss may have taken Boston College (6-2) out of one of the major bowls and given the Fiesta Bowl its best opportunity to invite the Eagles for its New Year's Day game.

Flutie completed 29 of 53 attempts, but lost two fumbles on sacks and suffered two interceptions.

Flutie Sets Record for Career Yardage But Boston College Loses to Penn State

Courtesy of Our Staff From Dispatches

UNIVERSITY PARK, Pennsylvania — Doug Flutie on Saturday became the first player in college football history to gain more than 10,000 yards in total offense over a career, but his team, Boston College, lost in the process to Penn State, 37-30.

Although he gained 421 yards Saturday, for 10,003 yards in four

COLLEGE FOOTBALL

seasons, as the Boston College quarterback, the little scrambler turned the ball over four times.

Penn State (6-3) was led by a defense that pressured Flutie all game long and by the running of D.J. Dozier, who rushed for 143 yards and one touchdown, and Steve Smith, who gained 126 yards and scored two touchdowns.

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Washington 44, California 14
In Seattle, Jacque Robinson

At Last, Marietta Triumphs

United Press International

WOOSTER, Ohio — Marietta College snatched the longest winless streak in college football at 41 games Saturday when quarterback Ed Pekar's 1-yard touchdown run with 65 seconds gave the Pioneers a 15-12 victory over Wooster.

(NYT, UPI, AP)

rushed for 152 yards and scored three first-half touchdowns to lead Washington to a 44-14 rout over California. The victory gave Washington a 9-0 record for the first time and set up a Pac-10 showdown with Southern California next Saturday in Los Angeles. A victory over the Trojans would send the Huskies to the Rose Bowl for the second time in four years.

Texas 13, Texas Tech 10
In Lubbock, Texas, Jeff Ward

kicked a 35-yard field goal with three seconds left Saturday as Texas beat Texas Tech, 13-10.

Brigham Young 42, UTEP 9
In Provo, Utah, quarterback Robbie Bosco passed for 237 yards and four touchdowns Saturday as Brigham Young beat Texas-El Paso, 42-9, and extended the longest major-college winning streak to 20 games. The victory by the Cougars (8-0) also clinched their ninth straight Western Athletic Conference championship and an automatic berth in the Holiday Bowl. UTEP's record dropped to 1-7.

Nebraska 44, Iowa St. 0
In Ames, Iowa, Doug DuBose

ignited a 24-point fourth-quarter blitz with an 80-yard touchdown run as Nebraska whipped Iowa State, 44-0. The Cyclones (8-1) fell to the bottom of the Big 12.

On Saturday, it was New Jersey 18, Indiana 11; Atlanta 127, Washington 107; Phoenix 102, Dallas 93; Houston 105, New York 93; Denver 128, Kansas City 114; Milwaukee 117, Cleveland 88; Portland 131, the Los Angeles Clippers 112; and Golden State 112, Utah 107.

When informed that he had reached the 400-victory mark more quickly than any other NBA coach, Cunningham said: "It's not really

that important to me," he added: "It's hard to believe I've lasted this long."

Cunningham, 41, became the 76ers coach on Nov. 4, 1977, after retiring as a player just before the 1976-77 season.

His career record stood at 400-172 after Friday's victory.

"I've been very fortunate to stay

NHL FOCUS

tories and two ties, are three games short of the mark for the fastest start in NHL history.

In other games Friday, New Jersey tied Minnesota, 2-2; Winnipeg 3-3, and Buffalo routed Hartford, 8-1.

On Saturday, it was Hartford 4,

Buffalo 4; Quebec 5, the New York Islanders 4; Washington 6, New Jersey 4; Philadelphia 5, Minnesota 1; Montreal 3, Boston 1; the New York Rangers 7, Pittsburgh 5; Vancouver 6, Chicago 4; St. Louis 5.

Calgary 2; and Los Angeles 7, Toronto 0.

After the victory over the Hawks, Anderson said he was thinking less of his hat trick than of Edmonton's chances of matching the fastest start in NHL history. So far, the Oilers have the fourth-best start.

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Four minutes into the third period, Ken Yaremchuk fired a 25-foot drive past goaltender Grant Fuhr in a two-on-one break for Chicago's first goal.

The goal ended a shutout string of 124 minutes and 52 seconds, a record for the Oilers, who defeated Vancouver, 7-0, Tuesday night in Edmonton.

Anderson completed his bat

trick with just over two minutes remaining in the period, cashing in on another of his own rebounds. He has seven goals in the last seven games and nine for the season.

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LANGUAGE

Debatable Propositions

By William Safire
WASHINGTON — To the three national debates of the 1984 campaign, several of the candidates' formulations were instructive.

The honest item in this year's series of debates was a phrase used by Vice President George Bush in his debate with Geraldine A. Ferraro. "For somebody to suggest, as our two opponents have," he said about the death of United States Marines in Beirut, "that these men died in shame — they better not tell the parents of those young Marines."

Representative Ferraro came back with an angry, "No one has ever said that those young men who were killed through the negligence of this administration and others ever died in shame."

The headline in USA Today read: "Shame: New War Over Word." When Bush could not produce a "died in shame" quote, he relied on his veto "suggest," a slippery term that permits the almost-perfect to interpret and sometimes twist what his target has said.

Died in shame implies that administration critics are attacking the honor of the men who died; that is a distortion of the criticism which attacks the policy that led to the humiliation of the country by terrorists.

"WHEN a president doesn't know that submarine missiles are recallable," said Walter Mondale, "... these are things a president must know to command."

"You've been all over the country," Reagan snapped back, "repeating ... that I believe that ou-clear missiles could be fired and then called back. I never conceived of such a thing. I never said any such thing."

The president may not have had the mistake in his head, but he seemed to have had the mistaken words on his lips. In 1982, he had been talking at a news conference about the impossibility of recalling land-based missiles after they had been launched from their silos in the ground. Then he said: "Those that are carried in bombers, those that are carried in ships of one kind or another, or submarines, you are dealing there with a conventional type of weapon or instru-

ment, and those instruments can be intercepted. They can be recalled."

His first *there* is a pronoun referring to missiles; his second *those* is also a pronoun referring to missiles; but his third *those*, an adjective in "those instruments can be intercepted," is ambiguous. "Those instruments" and the subsequent pronoun "they" could refer either to the missiles again, to the weapons from which the missiles are launched, such as a bomber or submarine. There is a big difference, the air and submarine carriers of missiles can be recalled, but their missiles once fired, cannot be recalled.

A rereading of the Reagan answer tends to lead the objective reader to accept the president's late explanation and to assume he shifted gear from missiles to carriers in the middle of his sentence.

That is what grammarians call *amphibology*, which is defined in the Oxford English Dictionary as "ambiguous discourse, a sentence which may be construed in two distinct senses" because of uncertain sentence construction.

This issue should persuade young voters to make certain their pronouns clearly refer to their antecedents. Let Mondale make hay by calling the president an unconstructed amphibologist, let the Mondale charge at the beginning of this entry. It's totally bolshed. What he meant to say was, "When a president doesn't know that submarine missiles are not recallable . . ."

The technical term for saying the opposite of what you mean is yet to be invented.

"WELL, I can't say that I have roundabouted that and sat down with the Chiefs of Staff," Reagan began an answer, *Roundabout* as a verb? Yes, King Arthur's legendary table, designed without a head to avoid jousting over precedence, has been used as a verb since 1887 to mean "to take part in a round-table conference."

The original political use was at the Round Table Conference of a century ago in England, when the squabbling Liberals tried to reconcile their differences. In the United States, the verb has gained a Madison Avenue connotation like "to run it up the flagpole."

New York Times Service

Faulkner's Film Brush With de Gaulle

By Edwin McDowell
New York Times Service

NEW YORK — In the summer of 1942, during the dark days of World War II, William Faulkner composed a moving tribute to man's indomitable spirit. "Oppression and suffering come upon mankind and even destroy him as individuals," he wrote. "But they cannot destroy his immortal spirit. That endures."

Those words disappeared without a trace. But eight years later they resurfaced in somewhat different form when Faulkner, in accepting the 1950 Nobel Prize for Literature, declared that man will not merely endure, he will prevail. "He is immortal," said the writer, in a speech that has achieved literary celebrity, "not because he alone among creatures has an inexhaustible voice, but because he has a soul, a spirit capable of compassion and sacrifice and endurance."

One reason Faulkner's earlier words dropped from sight is that they were written for the first draft of "The de Gaulle Story," a screenplay Faulkner wrote to glorify General Charles de Gaulle and his Free French forces.

The feature film was suggested to Jack Warner by President Franklin D. Roosevelt, who was eager to enhance de Gaulle's reputation in the eyes of the American public. Faulkner, who started work on the film the day he joined Warner Brothers Pictures, wrote a plot outline, several story treatments and two markedly different versions of the finished screenplay. Despite his efforts, however, "The de Gaulle Story" was never filmed.

Faulkner's outlines, drafts and scripts are contained in a book, "The de Gaulle Story," to be published in December by the University Press of Mississippi. Edited by Louis Daniel Brodsky and Robert W. Hamblin, the book is the third in the projected seven-volume series, "Faulkner: A Comprehensive Guide to the Brodsky Collection."

The work provides an important, previously missing link between the works of Faulkner's middle and later years." According to Hamblin, a Faulkner specialist and a professor of English at Southeast Missouri State Uni-



The Associated Press
William Faulkner (right)
wrote a screenplay
on General de Gaulle.

versity. This is true of not just the passage that resonates through the Nobel Prize speech, but, Hamblin said, in the biblical parallels in the screenplay that lead directly into "A Fable" the allegory structured on the story of Christ for which Faulkner won the 1955 Pulitzer Prize.

Brodsky, a poet and businessman in Farmington, Missouri, had purchased about 700 pages of the various versions of the Warner Brothers screenplay and eventually returns to France as a member of a commando unit.

"Georges represents the French individual as de Gaulle represents the abstract idea of Free France," wrote Faulkner, who had visited France in 1925 and who admired the French people. Eventually, however, Georges' name was altered to Charles Mornet and he was given an older brother named Jean who collaborates with the Nazis — the same sort of contrapuntal pairing of relatives, the editors note, that Faulkner had used years earlier in "Sartoris."

Many changes were made to conform to objections from Adrien Tixier, the Free French representative in Washington, and Henri Diamant-Berger, de Gaulle's consultant to Hollywood. They pointed out, for example, that no two-week furloughs were granted at this time to the French army. They also suggested that a German soldier

In the beginning, for example, a typical young French soldier, Georges, becomes a convert to Gaullist ideas, joins the Free French forces in London and eventually returns to France as a member of a commando unit.

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should be presented less sympathetically and that a larger role be assigned to the French Resistance. In one reworked version, Georges returned to France as a de Gaulle agent to organize underground cells.

"The script I did," Faulkner wrote to his stepdaughter, Victoria Fielden, in September 1942, "now has the official O.R.C. of de Gaulle's agent and of the Dept. of State, so nothing to do now but write in the dialogue" — a project that took two more months.

But Diamant-Berger objected still, this time in a 19-page typewritten attack about the script's alleged inaccuracies with regard to French customs, politics and history. He also faulted the handling of plot and characterization, and complained that "General de Gaulle disappears practically from the story after the first third and the Fighting French movement with him."

After an additional 69-page rewrite, Faulkner finished the film script — 16 weeks and countless revisions after his initial story conference. But soon thereafter the script was shelved.

No one knows for certain why the motion picture was never produced, the editors say, although they cite several probable reasons, including Roosevelt's and Churchill's growing disenchantment with de Gaulle, Faulkner's problems with writing or thinking largely in cinematic terms and Hollywood's disengagement with the prospects of propaganda films because of Warner Brothers' experience with "Mission to Moscow" in 1943, a movie whose pro-Soviet leanings stirred a public outcry.

After "The de Gaulle Story," apparently the only full-length movie script that Faulkner ever wrote all by himself, he turned his hand to other film scripts, including war movies.

Indeed, from his very first novel "Soldiers' Pay," Faulkner, the Mississippi native who trained to be a pilot in the Royal Canadian Air Force in World War I, had shown an interest in military heroes, airplanes, pilots and war — an interest that the editors of this volume say remained with him long after he composed his cinematic tribute to the Free French.

ITALY POSTCARD

Venice's Gondola Crisis



United Press International
Venice's fleet of gondolas is shrinking.

By Kevin Costelloe
Associated Press

VENICE — Purists are trying to prevent what they consider a major insult to this city of canals — plastic gondolas.

Faced with that idea, the gondoliers' association is planning to open a special school early next year to teach young men how to make traditional gondolas from the eight different kinds of wood that are used. Only four gondola makers remain in Venice and three are in their 70s.

About 450 of the sleek, tapered black boats ply Venice's canals. Rich-voiced tenors, accompanied by accordions, sometimes step aboard for romantic nighttime serenades.

But while dozens of young men want to be gondoliers with their ribbon-lined straw hats and striped shirts, practically no one wants to spend the long, hard hours making the traditional boats.

"People have been talking about building plastic gondolas," says Roberto Suesseberg, secretary of the Association for the Protection of the Gondola and the Gondolier. "I just wouldn't be a gondola. I would be something else."

Suesseberg also cited technical factors, saying plastic would not provide the balance and stability needed for gondolas. But he conceded: "There's no doubt it would be much easier to make them out of plastic."

Suesseberg said gondola making has reached crisis proportions, with a production of only about 12 a year and a demand for about 20. Many boats in service also are in need of repair.

The gondoliers' association

plans to open next January or February a special school to teach gondola making. "We're opening a school so that the younger people can learn the art of gondola construction," Suesseberg said, adding that up to eight students are expected at the site on the island of Murano. "I hope it works," gondolier Romolo Corvin, 52, said of the planned school, noting that hours of attention to detail and finishing are needed for the boats. "It will be difficult to find young people who want to make that kind of sacrifice."

The boats themselves are filled with history. For example, the prongs of the familiar gray comb-like prows represent the various armors of the city. The blade-like shape at the very tip resembles the cap of authority once worn by the doges who governed the Most Serene Republic of Venice hundreds of years ago.

Each gondola is about 35 feet long, and can hold about five passengers plus the gondolier at the single oar.

Corvin noted that many of today's gondolas have been seriously damaged by passing motorboats and small barges, and by the waves that smash the boats into the canal walls. "Some gondoliers already have put plastic resin on the sides and bottoms of the boats for protection," he said.

Retired gondolier Umberto Vasselin said a West German craftsman already had made several plastic gondolas, but they aren't in use in Venice. "Plastic?" he said. "No, that's something that just wouldn't work in Venice."

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